



# Trucking Owners & Leaders Roundtable

---

May 17, 2023



# Thanks to Our Sponsors!

## The Fleet Leader Sponsors



## The Long Haul Sponsors



## The Road Warrior Sponsor



## Attendee Sponsors



# Agenda

---

- 1. Freight Market Update: Have We Hit Bottom?**
- 2. Reducing the Risk of and Navigating a Cyberattack**
- 3. Pass-Through Entity Tax & Other Tax Planning Considerations**
- 4. The Legal Landscape for Transportation in 2023**
- 5. Scale Your Trucking Company and Enjoy the Climb**
- 6. The Hangover Part IV: What's Next for Freight Following the Greatest Freight Market in Decades?**
- 7. The Best TMS Is the One You Already Have: 10 Tips for Improved TMS Utilization**
- 8. Desires & Dysfunctions: A Systematic Approach to Driver Satisfaction**
- 9. Building Value in Turbulent Times: An M&A Discussion on the Current Environment (Panel)**



# Trucking Owners & Leaders Roundtable

## Freight Market Update: Have We Hit Bottom?

---

**Dean Croke**

Principal Industry Analyst, DAT Freight & Analytics

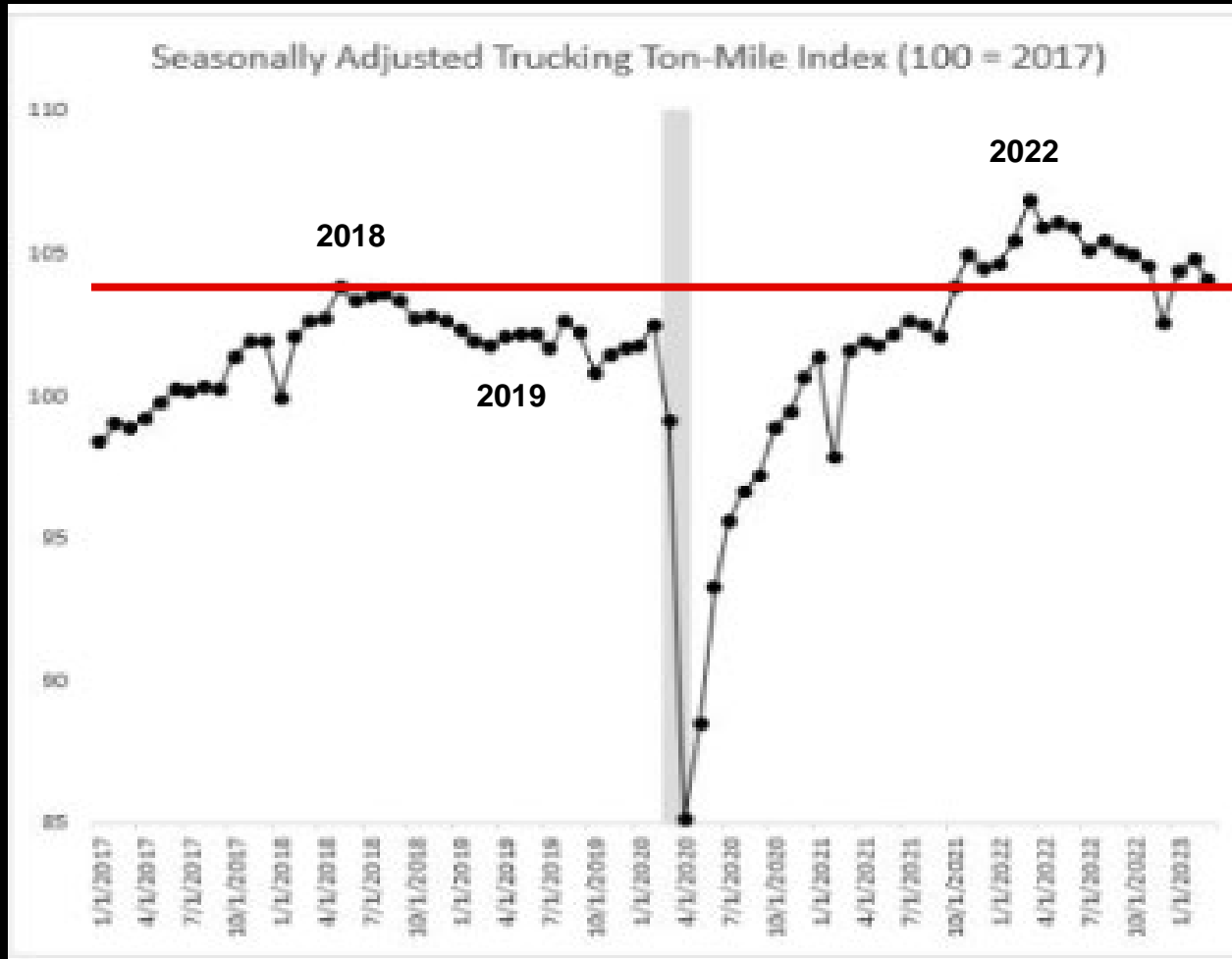




# Overall Truckload Market Trends

- Clear signs the dry van spot market has found the bottom of the current freight cycle as produce seasonality emerges
- Spot rates in the last two freight recessions in 2016 and 2019 pivoted in May
- Truckload excess long-haul capacity continues to exit the market (but slowing)
- Shippers expect demand to be flat with negative year-over-year comps - some still working through excess inventories
- Contract market freight rates still declining
- Procurement events yielding good savings for shippers (for the time being).

# Truckload Demand



- March TTMI down 0.7% m/m and 2.7% y/y
- March 2022 was the high-water mark in the index's history.
- TTMI shows no signs yet that we will be exiting this freight recession soon.

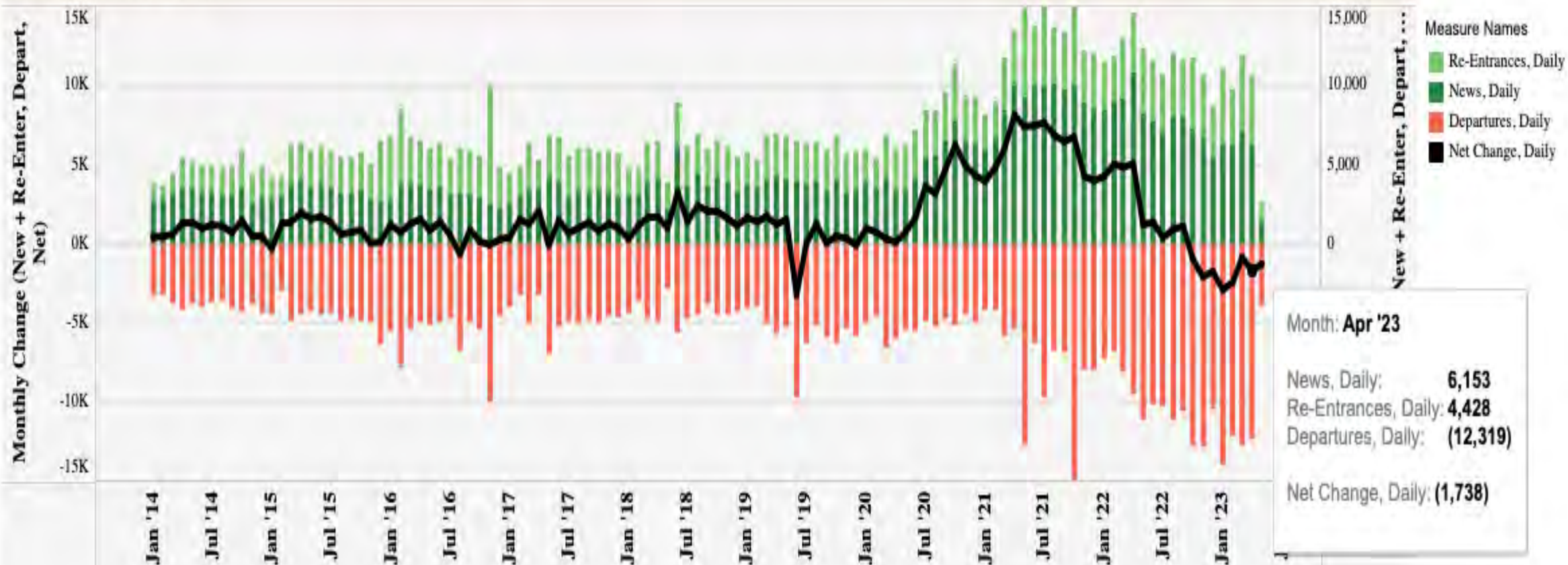
# Supply

## Total Addressable Market (TAM) Monthly Changes (\*using aggregated daily changes)

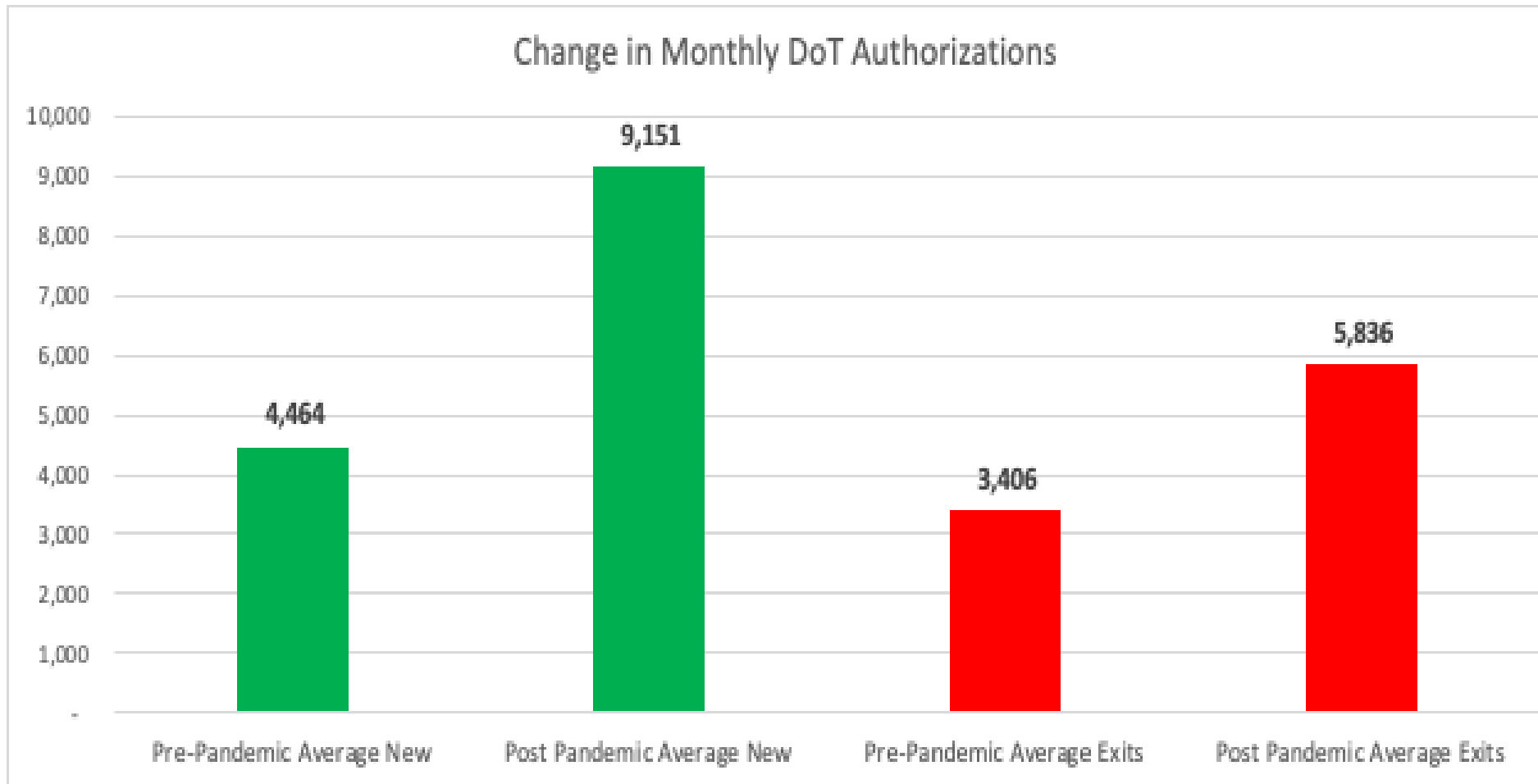
based upon DOT authority data

(refreshed: 5/7/2023 7:32:12 AM)

Month  
Jan '14 May '23

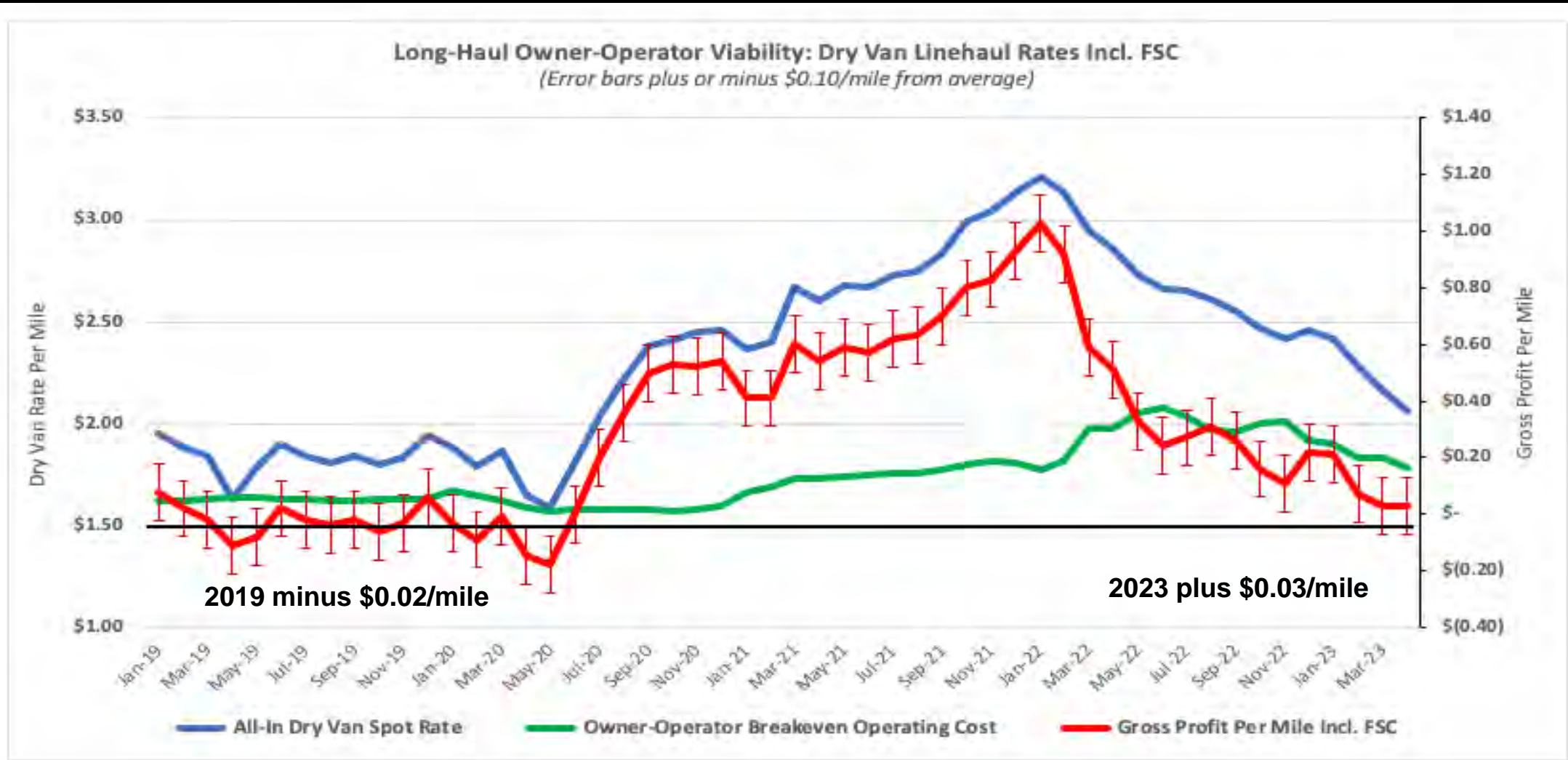


# Supply





# Small Fleet and Owner-Operator Viability





# Contract Freight Market

# Contract Market Trends



## Dry Van

- Active rates down 0.5%
- Replacement rates negative 13%.



## Temp Control

- Active rates down 0.5 %
- Replacement rates negative 9%



## Flatbed

- Active rates down 4 %
- Replacement rates flat



## Intermodal

- Active rates flat
- Replacement rates negative 5%

# Contract Market Trends

## RFP Season Trends

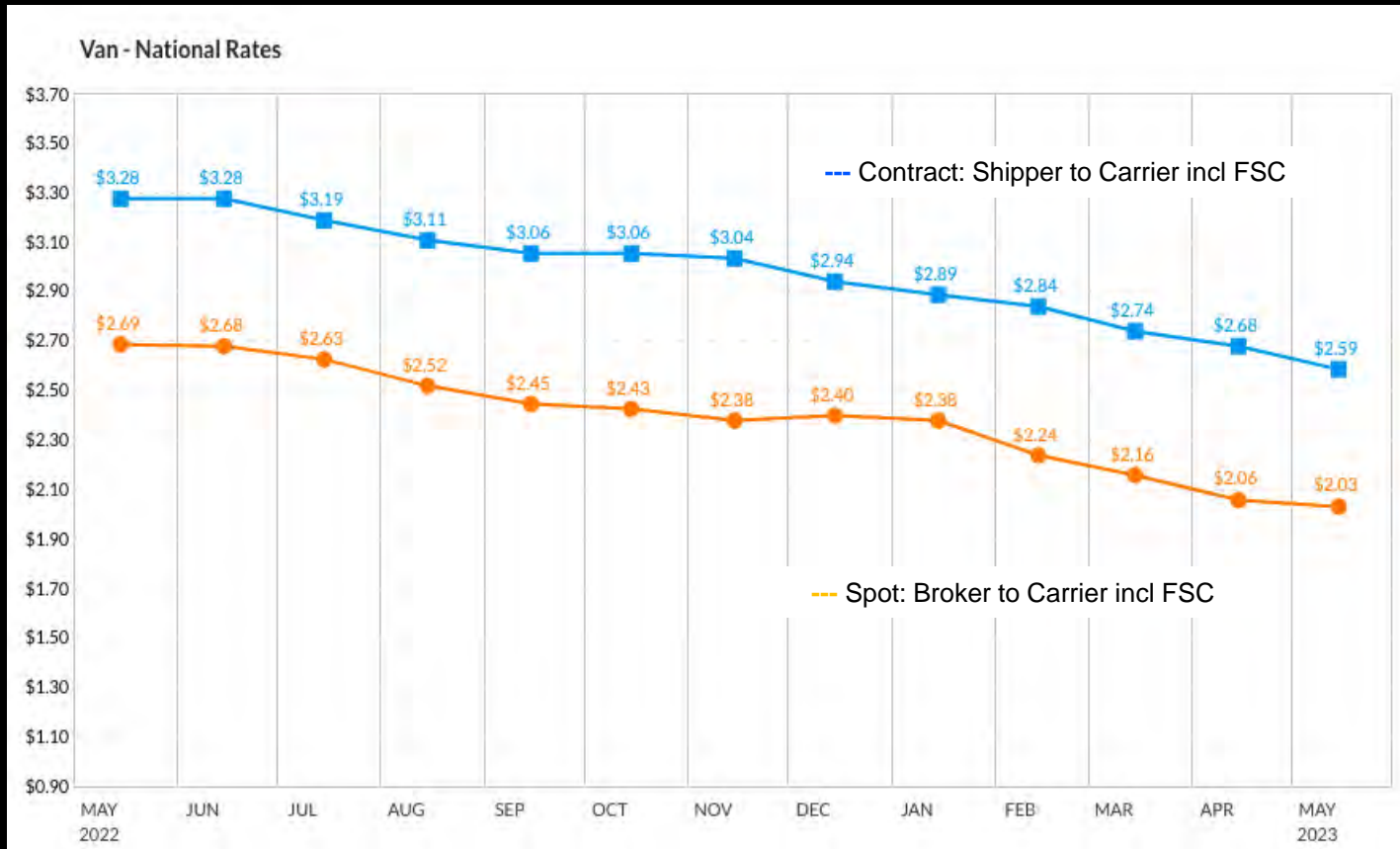
- Contract rate reductions via annual RFP seeing 8-15% contract rate reductions from incumbents. Minimal carrier churn.
- Shippers are open to shorter contract lengths for brokers (as opposed to annual contracts) rate revisions every 6 months or so based on an independent and accurate rate index.
- Shippers are using the softer market to align with the market and optimize their carrier roster (best fit).
- Surgical approach: Using lane-specific benchmarks to identify/quantify opportunities





# Spot Freight Market

# Overall Truckload Market Trends



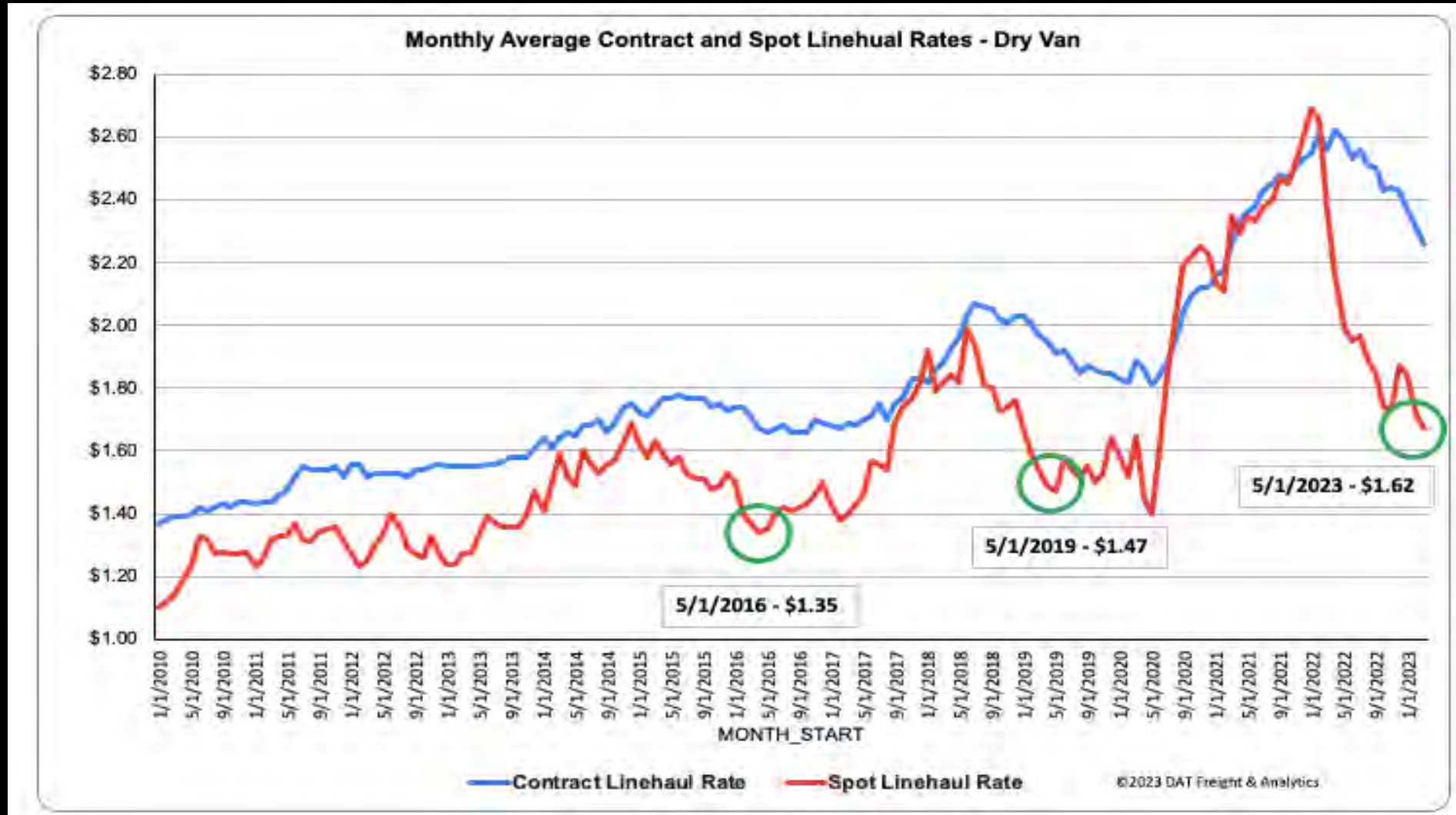
- Contract rates

- Incl. FSC down \$0.69/mile y/y
- Excl. FSC down \$0.43/mile y/y
- Fuel Surcharge down from \$0.72/mile to \$0.46/gal

- Spot rates

- Incl. FSC down \$0.66/mile y/y
- Excl. FSC down \$0.40/mile y/y

# Dry Van Long-Haul Rate Trends



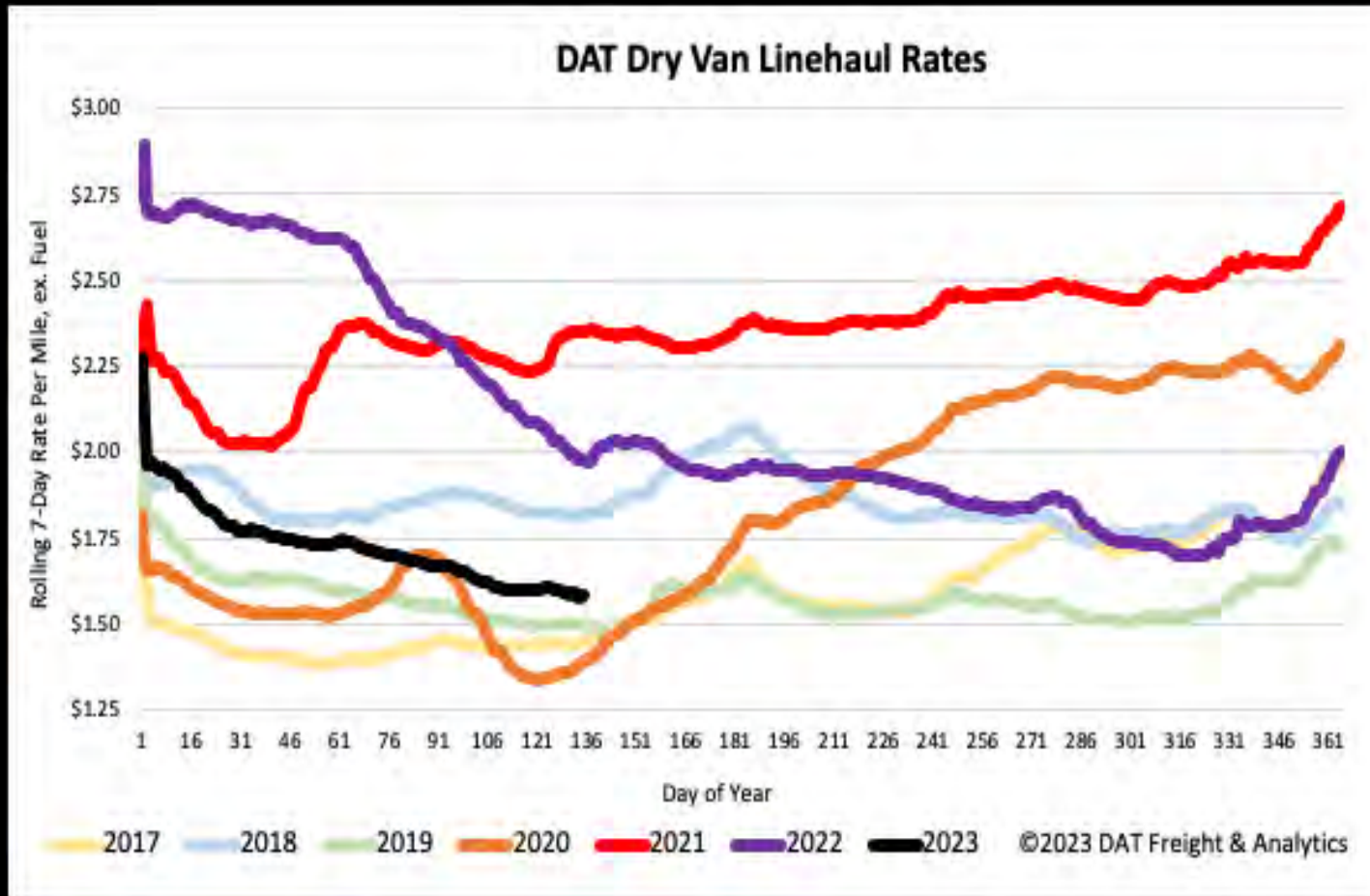
# Freight Recession Timing

Spot Rates: 3/7-Day Weighted Moving Average



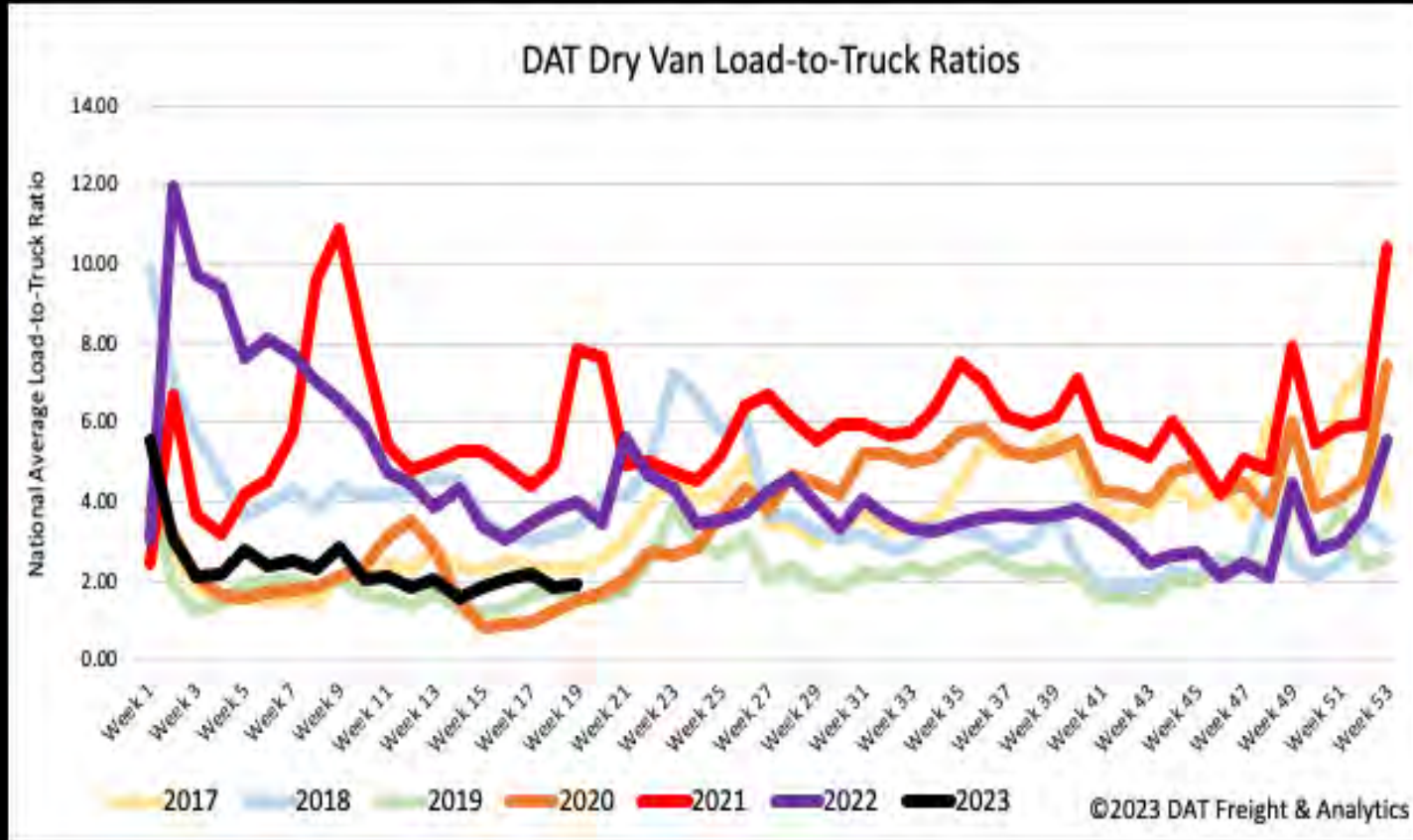


# Dry Van Spot Market Trends: Linehaul Rates



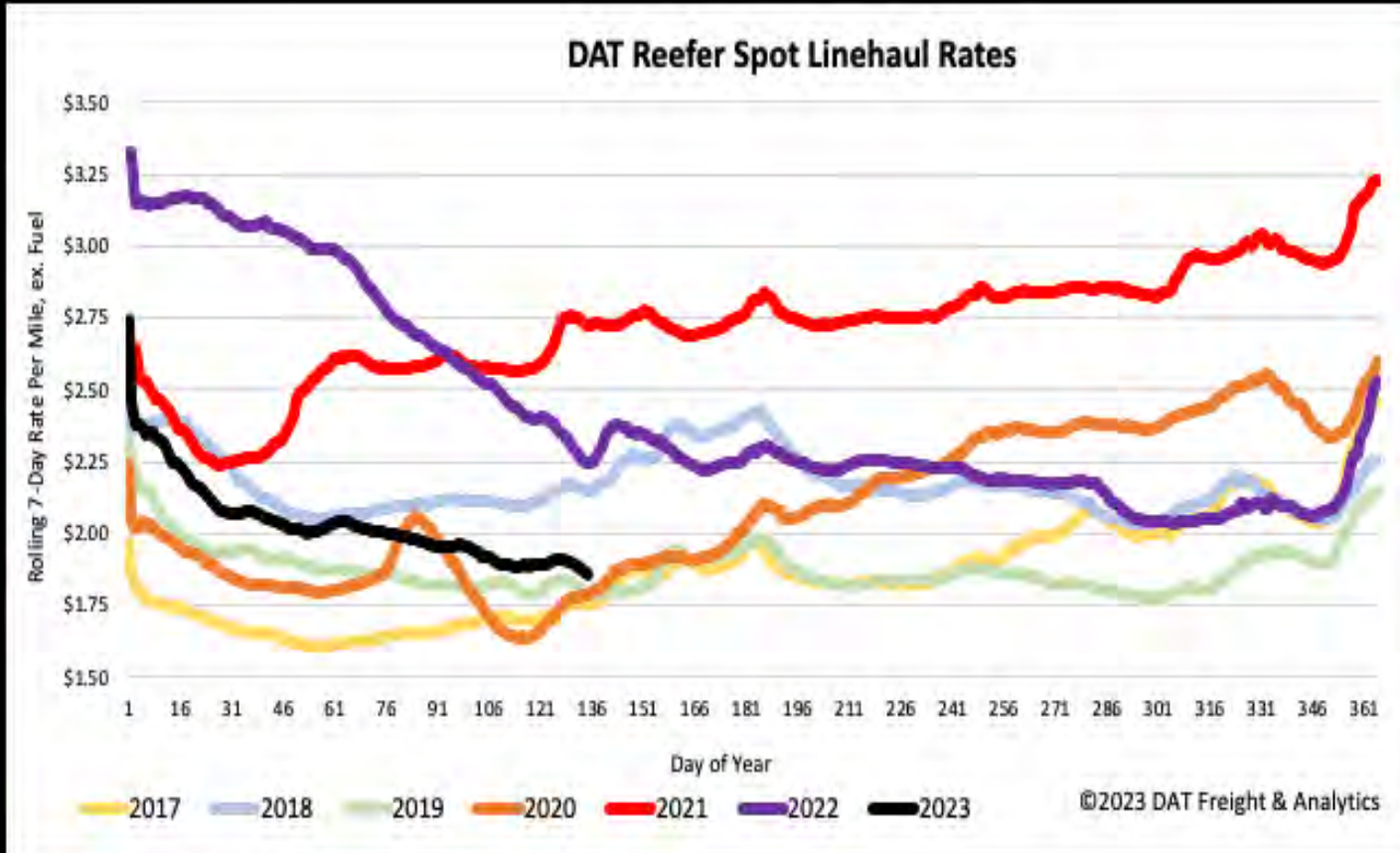
- After being flat for the last few weeks, dry van linehaul spot rates decreased by just over a penny per mile last week.
- At \$1.60/mile, excluding the fuel surcharge, the national average dry van rate is holding around \$0.10/mile above 2019 levels.
- Based on the volume of loads moved, the average rate for the top 50 dry van lanes was \$0.23/mile higher at \$1.83/mile last week.

# Dry Van Spot Market Trends: Volumes



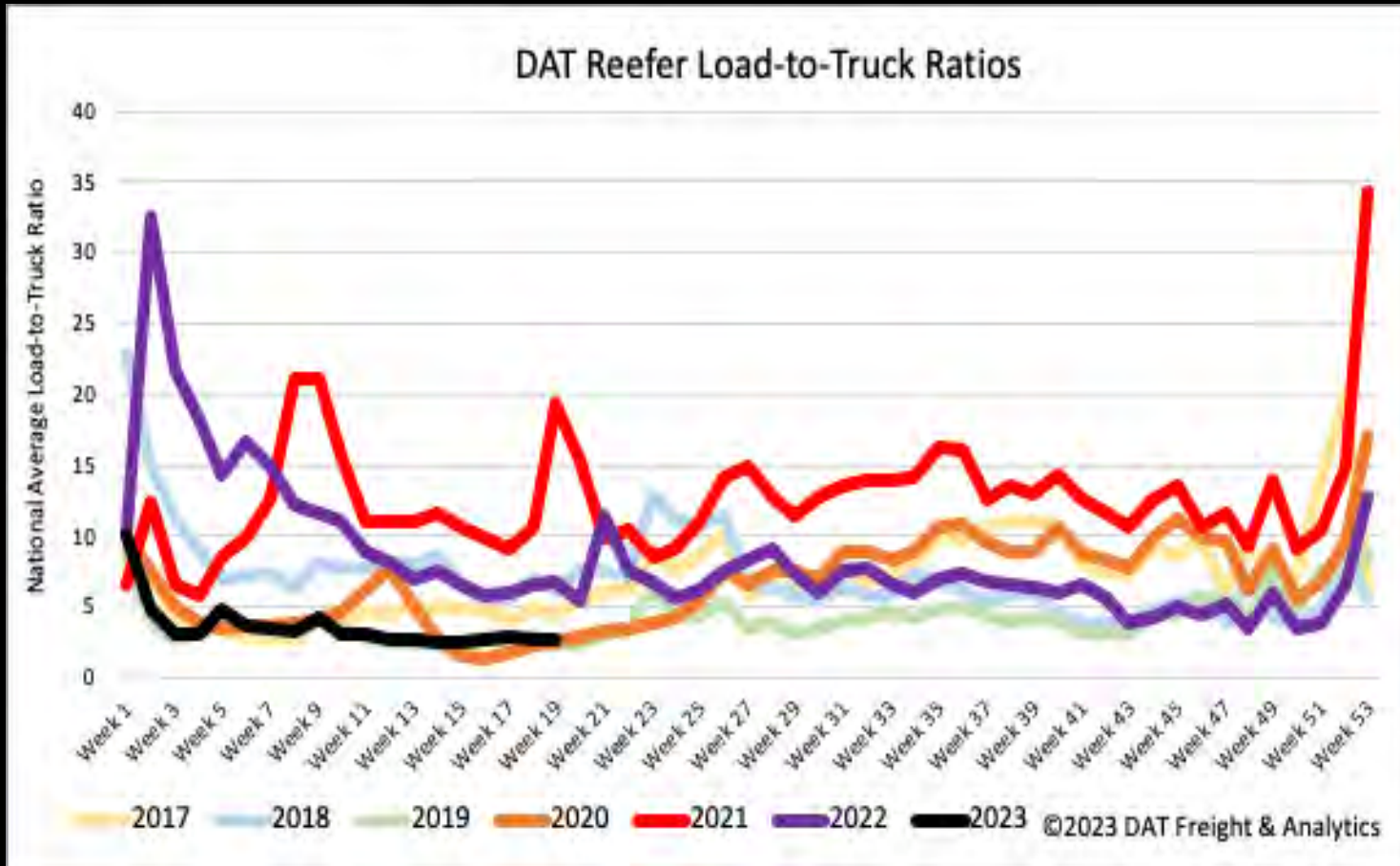
- Load posts increased by just 2% last week and 9% in the previous month but remain at around half what they were a year ago.
- Volumes are identical to 2017, 23% higher than this time in 2019, and approximately 2% higher than the Week 19 long-term average.
- Equipment posts decreased by 2% w/w, increasing the dry van load-to-truck ratio (LTR) slightly from 1.84 to 1.92.

# Reefer Spot Market Trends: Linehaul Rates



- Following the prior week's penny-per-mile increase, reefer spot rates increased slightly last week to just over \$1.91/mile.
- Reefer spot rates are \$0.07/mile higher than in 2019 and \$0.48/mile lower than the previous year.

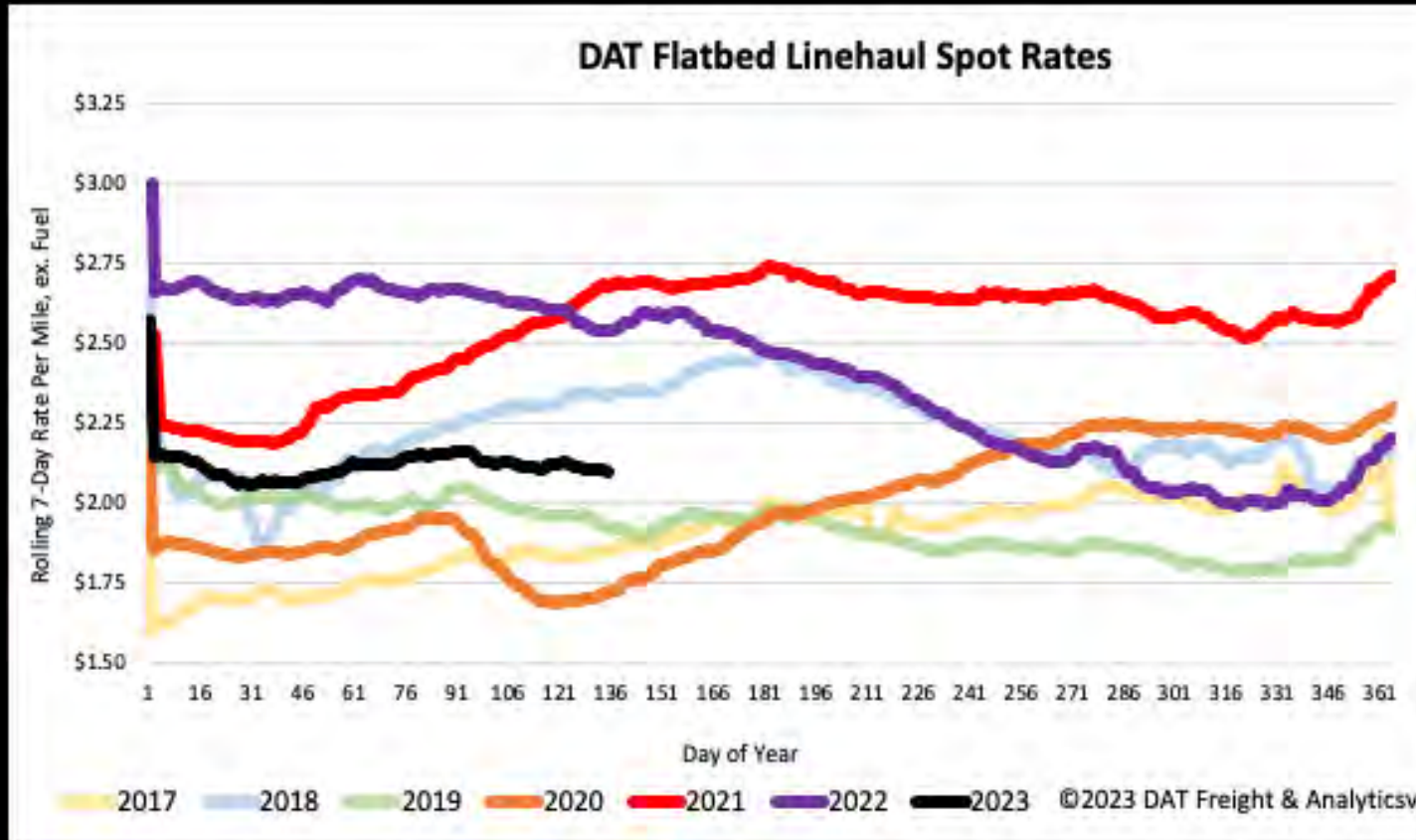
# Reefer Spot Market Trends: Volumes



- After being flat the previous week, reefer spot market volumes decreased following last week's 5% decline.
- Volumes are just over half what they were a year ago and 19% below the Week 19 long-term average.
- Equipment posts were 3% lower last week, resulting in the reefer load-to-truck (LTR) decreasing from 2.81 to 2.73.

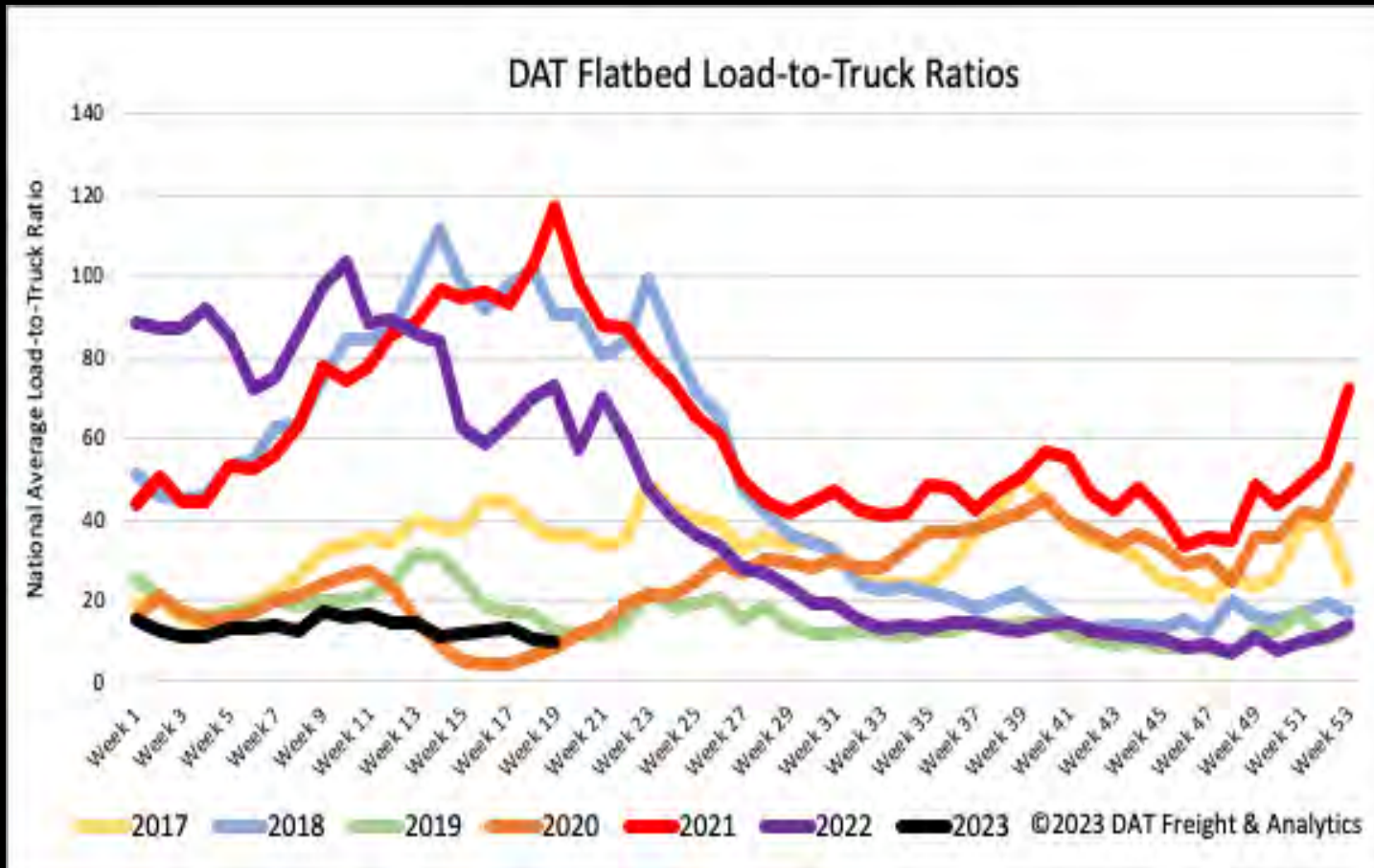


# Flatbed Spot Market Trends: Linehaul Rates



- After being flat at around \$2.16/mile for most of April, flatbed spot rates have started May with two successive weeks of declines.
- Following last week's \$0.01/mile decrease, the national average flatbed spot rate ended last week at \$2.13/mile.
- Linehaul rates are \$0.44/mile lower than last year, \$0.23/mile lower than in 2018, and \$0.19/mile higher than 2019.

# Flatbed Spot Market Trends: Volumes



- Flatbed spot volumes dropped 8% last week and are following the same seasonality path as in 2019.
- Load posts are 81% lower than the previous year and around half what we'd typically expect to see in Week 19.
- Carrier equipment posts were up 2% last week but at the highest level in seven years resulting in last week's flatbed load-to-truck (LTR) ratio decreasing from 10.75 to 9.79.

# Presenter

---



**Dean Croke**

Principal Industry Analyst  
DAT Freight & Analytics  
[dean.croke@dat.com](mailto:dean.croke@dat.com)



# Trucking Owners & Leaders Roundtable

## Reducing the Risk of and Navigating a Cyberattack

---

### Aaron Pritz

CEO & Co-Founder, Reveal  
Risk

### Ben Phillips

Director, IT Risk Advisory, KSM





## Who am I?

### Aaron Pritz

CEO, Co-Founder of Reveal Risk, a boutique cybersecurity consulting company

Spent 17+ years in large pharmaceutical leadership roles across IT, Information Security, Audit, Privacy, and Risk Management.

Lives in Indianapolis, Indiana. Husband and a proud father of 2, enjoys outdoor activities, is a drummer that has played in over 15 bands (before kids). Enjoys swimming, outdoor activities, and grilling/smoking all sorts of food pool-side on his Big Green Egg.



**Who am I?**

**Ben Phillips**

Director, IT Risk Advisory at KSM

13 years of experience auditing financial statements, internal controls, and security / cybersecurity related assurance projects (HITRUST, SOC, etc.)

Lives in Westfield, Indiana. Enjoys going on trips with his wife, playing golf, his dog Freida, outdoor activities, grilling on the Blackstone and Weber Kettle.







It is 3 am.....



# Who do you know has been impacted?

Personal Impact



Professional Impact



# What We Will Cover Today

- 2023: Cybersecurity risk in trucking and
  - What has been happening
  - What's at risk
- What do you need to know and do as a business leader
- Preparing to respond and act in the face of a cyberattack
- Key takeaways and actions



# 2023: Cybersecurity Risk in Trucking and Transportation



# What's Been Happening

- The transportation industry is a critical infrastructure that is vulnerable to cyberattacks.
- Many cyberattacks in this sector have involved ransomware
  - Operational disruption
  - Double extortion (1. impair 2. threaten to release sensitive data)
- In 2022 compared to 2021 — and 2021 saw a 61% increase over 2020. Experts expect 2023 numbers to be even higher
- The increasing digitization of this industry is broadening the attack surface (5G, GPS, robotics, and other “internet of things” expansions)



# Recent Industry Cyberattacks

TECHNOLOGY

## Marten Transport confirms it was victim of cyberattack



Jason Cannon, CCJ chief editor  
Oct 28, 2021 | Updated Oct 29, 2021



The Home Center of the Shore Supply Chain

threats (with video)

Cybersecurity Trucking

## Trucking industry ranks fifth among businesses for cyber threats (with video)

Preparing for an attack is critical amid 100-fold increase in suspicious events



Alan Adler · Sunday, October 13, 2019



FleetOwner

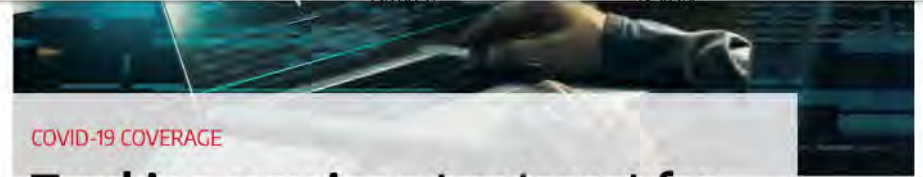
FOR THE DRIVER

REFRIGERATED TRANSPORTER

HD PICKUP & VAN

SOCIAL MEDIA

SUBSCRIBE



COVID-19 COVERAGE

## Trucking remains a top target for cyberattacks

May 12, 2020

As cybercriminals play on the fears prompted by COVID-19, the commercial cyber breach

This article was published on: 05/4/22

Home / Cybersecurity / Ransomware attack cost Expeditors \$60m in remediation, lost business

Watch Now

Cybersecurity Featured Read This

## Ransomware attack cost Expeditors \$60m in remediation, lost business



TECHNOLOGY

## Cybersecurity threat

July 30, 2020

Trucking companies, including tank fleets, in the top 10 of businesses targeted by international computer hackers

Charles Wilson



The call came in around 2 am on April 9, 2019. Hackers had attacked the computer network at [J&M Tank Lines Inc](#), and th



# What's the Impact

**Financial:** A breach in the transportation sector costs companies around \$3.75 million per incident

**Operational Impairment:** Time is money in shipping and logistics

**Eroded Customer Trust:** Linked to operational reliability and/or data protection



# What You Need To Know and Do as a Business Leader

# Understand Your Data & What's At Risk

## Higher Risk Elements

- **TMS (Transportation Management System) Master File Data** – attackers steal the master files related to a trucking company's TMS
- **Order level data/transactions** – Unique Order ID, Bill To Name, Customer Name, Pick-up and Delivery Dates/Times/Locations, Miles, Revenue (Linehaul, Fuel Surcharge, Accessorial Revenue)
- **Payroll** – Big issue since many are paid weekly
- **Dispatch level data/transactions** – Since an order may have multiple dispatches (different trucks assigned to different segments of the Trip/order), the time/location/equipment data related to each dispatch

## Lesser Risk Elements

- **Equipment / Driver Location data** – Some telematics providers have this data available via a separate portal
- **A/R and A/P** – Most companies could handle manual billing for a couple of weeks

# Understand High Level Risks and Vulnerabilities

- **Human and Technology susceptibility to Ransomware**
- **Aging Infrastructure:** Transportation companies with aging technological infrastructure face a higher risk of attack.
- **Insufficient Security Programs or Prioritization:** lack of focus or prioritization on defending what is most important
- **Vehicle Links to IT Networks:** smart road infrastructure and vehicle-to-vehicle communication offer attackers other opportunities to weaponize vehicles or steal data.



A photograph of a business meeting. In the foreground, a person's hand is pointing at a laptop screen. In the background, another person is looking at a tablet. The scene is dimly lit, with a blue color cast. A diagonal graphic element consisting of three parallel lines (two blue, one white) runs from the top left towards the center. The text is overlaid on the right side of the image.

**Preparing to respond  
and act in the face of a  
cyberattack**

# Why have a Cyber Incident Response Plan?



A cyber attack or insider information security event can result in theft / unauthorized disclosure of sensitive information (personal or company confidential) (**confidentiality**), compromise/manipulation of critical information/assets/processes (**integrity**), or slowed/stopped business operations (**availability**)



An attack can be costly and painful, but this **pain can be reduced if your company is better prepared**



Mindset: Shift to thinking that an **attack isn't a possibility — it's an inevitability**

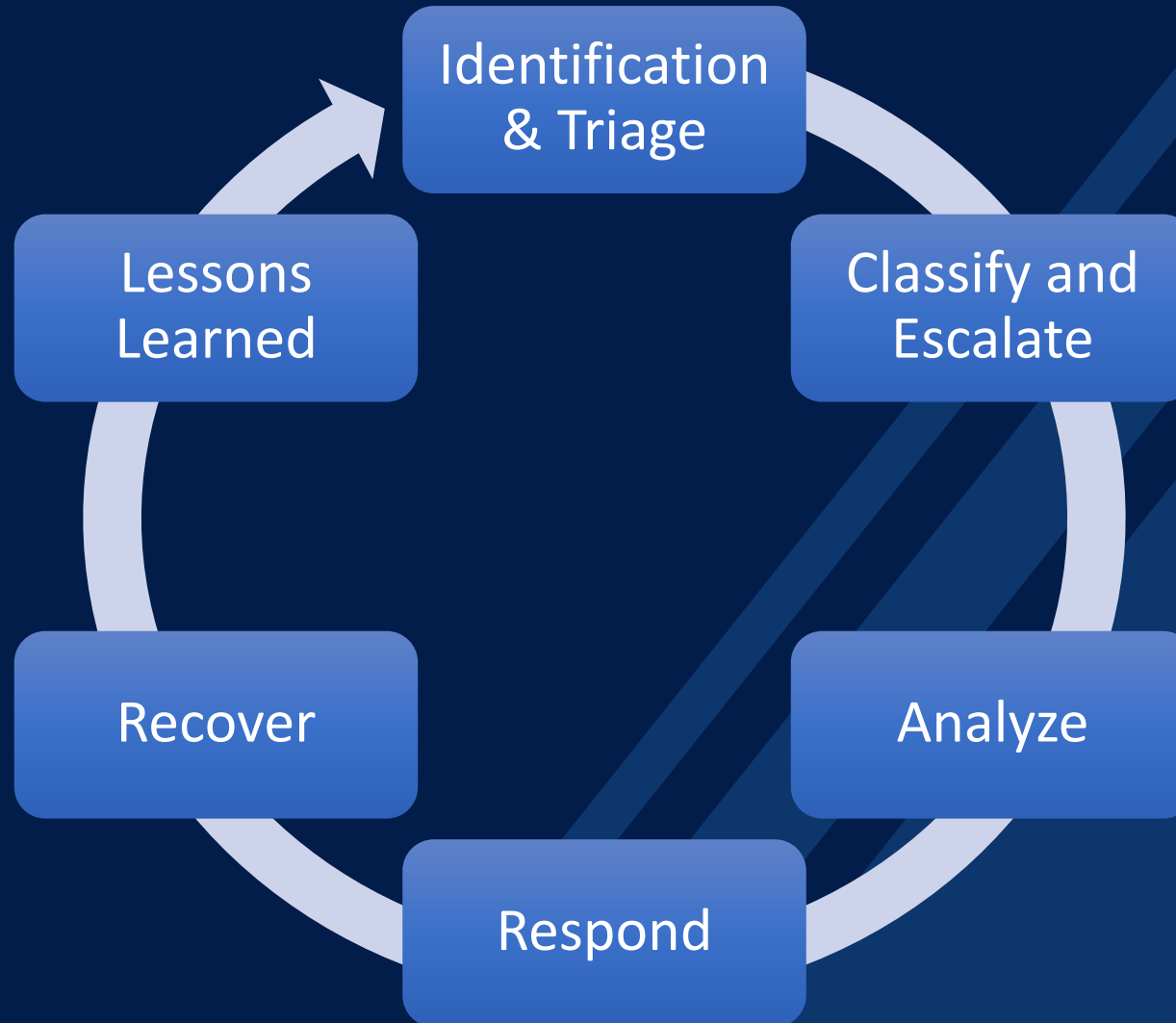


The company's and **leader's action and response can make a significant of difference.** Common failures involve:

- Too much time in denial
- Unstructured roles and responsibilities (fighting or power grabs between silos)
- Blame (3<sup>rd</sup> parties, individuals, or circumstances beyond control)
- Reactive / hasty measures (that result in bigger problems)



# Plan Components



# How Readiness Plans can Interweave

## Business Continuity Plan

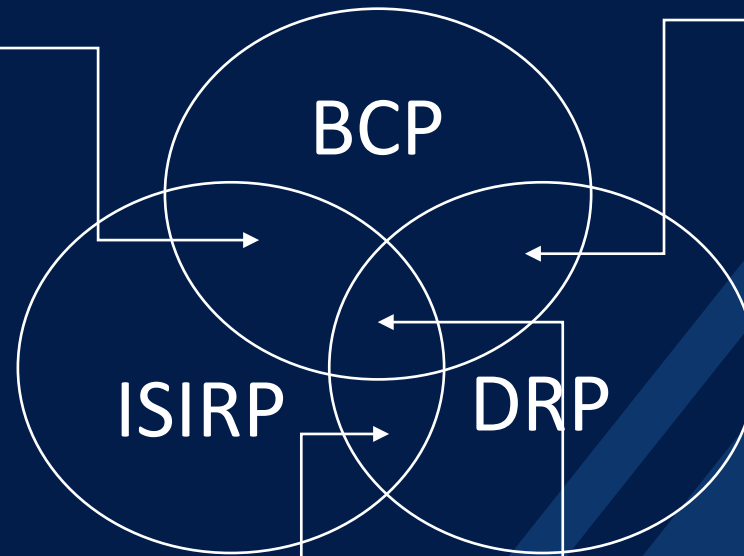
### BCP – ISIRP Overlap

A wide-ranging cyber attack may trigger the BCP as well

### BCP – DRP Overlap

BCP may be enacted if multiple systems remain down for protracted periods in a DRP

## Information Security Incident Response Plan



## Disaster Recovery Plan

### ISIRP – DRP Overlap

Sometimes a system needs to be completely rebuilt (DRP) after ISIRP is triggered

### BCP – ISIRP – DRP Overlap

A wide-ranging cyber attack could trigger all plans

# Are Plans Worthless?



➔ **“Plans are worthless, but planning is everything.”**  
– *Dwight Eisenhower (U.S. President and 5-Star General)*



*From the attacker's point of view, a well-known boxer:*  
**“Everybody has a plan until they get punched in the mouth”**



And current day....

**“The one thing you can fully control and plan for is how you respond and how prepared you are to respond”**

# The Importance of War-gaming (Tabletop)

- War-gaming helps the team *visualize* the flow of the incident response
- A good war-game integrates and synchronizes the teams that will work to respond and resolve the incident
- The results of the war-game not only help synchronize the people and the actions to be taken, but also *enable the decisions* to be made
- Helps teams understand the questions of what next and what if and not just what now?

# Concepts of Fog and Friction



You can't know everything you might face

Not everything goes to plan





# Key Takeaways and Actions

- **Rationalize and Prioritize Cyber Spend:** You can't do everything at once, well. Have an intentional strategy that prioritizes what matters most to your business.
- **Ransomware Readiness:** Develop and practice a cyber incident response plan.
- **Third-Party Risk:** Verify the cyber security practices of third-party companies before contracting to do service with them. Monitor ongoing posture.
- **Educate your workforce:** Annual training doesn't work. You have to make it interesting, personally meaningful, and ongoing. Employee engagement is key to success.
- **Business Continuity Planning:** Test tech backups, having clear secondary processes if primary systems are down. Ensure your backups are protected from ransomware attacks.
- **Start or Continue Cyber Risk Discussions:** Ask your IT or cyber leaders about the health of the cyber program. Work with them to understand key risks and how to manage them

# Presenters

---



**Ben Phillips**

Director, IT Risk Advisory  
Katz, Sapper & Miller  
bphillips@ksmcpa.com



**Aaron Pritz**

CEO & Co-Founder  
Reveal Risk  
aaron@revealrisk.com



# Trucking Owners & Leaders Roundtable

# Pass-through Entity Tax & Other Tax Planning Considerations

---

**Nathan Potter, CPA**

Director



# Pass-through Entity Tax (PTET) Overview



## Pass-through Entity Tax – History

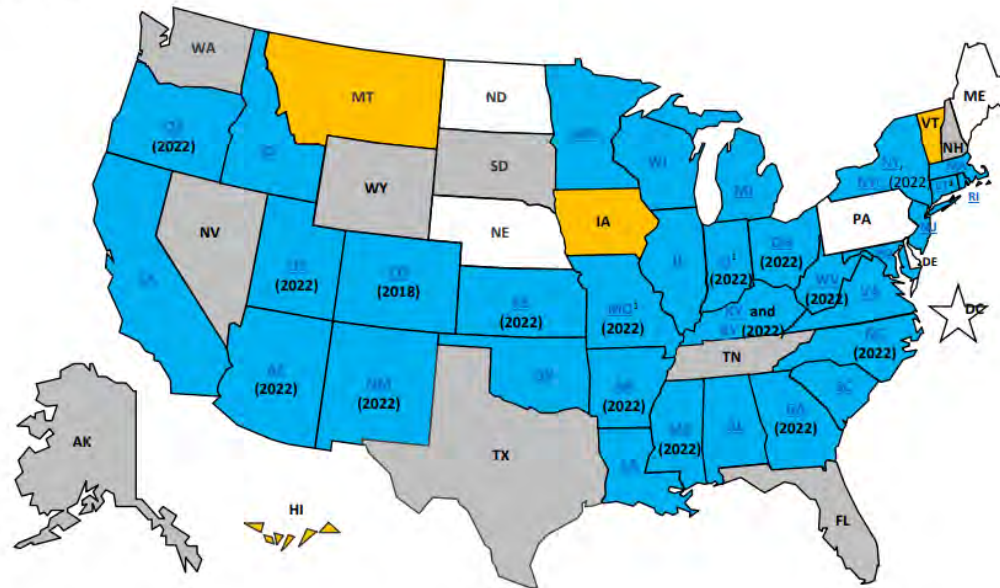
---

- Prior to TCJA, the IRC allowed individuals to claim a deduction for state and local taxes (if itemizing)
- In 2017, the TCJA added §164(b)(6) limiting the state and local tax deduction for individuals to no more than \$10k annually for tax years **2018 through 2025**
- IRS Notice 2020-75 was issued on 11/9/2020
  - Treasury and IRS intend to issue proposed regulations to clarify the deductibility of certain state and local income tax payments
  - “Specified income tax payments” are deductible by partnerships and S corporations in computing their non-separately stated income or loss
- PTET elections allow the PTE to pay tax at the entity level allowing for the reduction of federal taxable income flowing through to owners rather than deducting state tax at individual level

# PTET – States With Enacted or Proposed PTET

## States with Enacted or Proposed Pass-Through Entity (PTE) Level Tax

As of April 21, 2023



- 32 states (& 1 locality) that enacted a PTE tax since TCJA SALT deduction limitation, effective for 2021 (or earlier) unless noted: [AL](#), [AR<sup>1</sup>](#), [AZ<sup>1</sup>](#), [CA](#), [CO<sup>2</sup>](#), [CT<sup>3</sup>](#), [GA<sup>1</sup>](#), [ID](#), [IL](#), [IN<sup>1</sup>](#), [KS<sup>1</sup>](#), [KY<sup>1</sup>](#) (& [KY](#)), [LA](#), [MA](#), [MI](#), [MD](#), [MN](#), [MO<sup>1</sup>](#), [MS<sup>1</sup>](#), [NC<sup>1</sup>](#), [NJ](#), [NM<sup>1</sup>](#), [NY](#), [OH<sup>1</sup>](#), [OK](#), [OR<sup>1</sup>](#), [RI](#), [SC](#), [UT<sup>1</sup>](#), [VA](#), [WI](#), [WV<sup>1</sup>](#), and [NYC<sup>1</sup>](#)
- <sup>1</sup> Effective in 2022 or later – on map (2022) or (2023)
- <sup>2</sup> Retroactive to 2018
- <sup>3</sup> Mandatory
- 4 states with proposed PTE tax bills:
  - HI – [SB 1437](#) passed Senate, in House
  - IA - [HF 352](#) passed House, in Senate
  - MT – [SB 554](#) passed legislature, waiting for Governor to sign
  - VT – [HB61/SB45](#) passed Senate, in House
- 9 states with no owner-level personal income tax on PTE income: AK, FL, NH, NV, SD, TN, TX, WA, WY
- 7 states with an owner-level personal income tax on PTE income that have not yet proposed or enacted PTE taxes: DC, DE, ME, MT, NE, ND, and PA



## PTET – Considerations

---

- High Level PTET Election Considerations
  - A state PTET may not apply to all owners equally
    - How does the state calculate the tax base (do they differentiate between residents and nonresidents)?
      - Could create a second class of S corporation stock and invalidate S election
      - How the state tax is calculated could create special allocations for deductions of the tax paid
      - Does this require the entity to adjust its legal or operating documents?
  - Federal consideration of when PTE taxes need to be paid / accrued to be deductible for a tax year.
  - Consider residency of owners and the value of the benefit
    - States may disallow for credit for taxes paid if paid at the entity level
  - Do owners still have other filing requirements if cannot use PTET against composite tax?
  - Consider when and how the election and related payments must be made

## PTET – Considerations (cont.)

---

- Which businesses might consider making a PTET election?
  - Businesses who have PTE activities restricted to their state of residence and the state has an elective PTET (e.g. real estate, warehousing, professional services, etc.)
  - Businesses who have multi-state activity with owners who are residents of states that do not impose an income tax (e.g., FL, TN, TX, WA)
  - Businesses who have multi-state activity with PTE owners who are residents of states that allow credit for taxes paid for PTE taxes



## PTET – What is the benefit?

---

- How much PTET's will yield in federal tax benefits depends on:
  - The states in which the PTE does business
  - Composition of its owners (individuals, corporate)
  - Tax rates
  - Impact of a credit for taxes paid by the entity against the state personal income tax of the state in which the PTE tax is levied and the state of residence of the owner
- All of these items should be considered in determining whether to make a PTET election BUT the issue of resident credits might be the most crucial
  - Has the state issued guidance/updated their law to allow residents to take a CFTP for other state PTETs?

# Indiana PTET Overview

## Indiana PTET – Overview

---

- Gov. Eric Holcomb signed the Senate Enrolled Act 2 into law 2/22/2023 authorizing pass-through entities to elect to pay PTET on behalf of owners
- Retroactive for taxable years beginning on or after 1/1/2022
- Irrevocable election is to be made on an annual basis by the entity
  - Eligible entities include partnerships, S corporations and LLCs taxed as an S corporation or partnership
- Eligible owner's share of PTET may be claimed by owner as refundable tax credit
  - Eligible owners include individuals, trusts, estates, C corporations and other pass-through entities
- Indiana allows for credit for taxes paid to other states where PTET is paid
- For 2023 and tax years thereafter, PTET election may be made at any time during the taxable year or before filing the entity's return, including extensions

## Indiana PTET – Overview (cont.)

---

- Indiana PTET is calculated based on residency of eligible owners and calculation method indicated on election form
  - Nonresidents – calculated on apportioned Indiana income attributable to nonresidents
  - Residents – calculated on either:
    - ⑩ Apportioned Indiana income attributable to residents **OR**
    - ⑩ 100% of income attributable to residents
    - ⑩ The entity must use the same method for all residents and will elect how PTET is computed on resident owners' behalf on Form IN-PTET




## Indiana PTET – Overview (cont.)

---

- Individual filing requirements if PTET election is made
  - Residents
    - No change in filing requirement but will claim a refundable tax credit for their share of PTET
  - Nonresidents
    - Rules did not change and all nonresidents must be included on composite filing
    - PTET and individual rate are the same and satisfies composite filing
    - If no other sources of Indiana income, the composite return will satisfy the nonresident individual's filing requirement

# Indiana PTET – How to make the Election for 2022

- For tax year 2022, election must be made after 3/31/2023 and by 8/31/2024, and must be submitted by mail or email
- Digital signatures will be accepted
- PTET election form must be submitted **separately** from the return and should **not** be attached to the PTE’s return. IDOR is unable to process it as an attachment for 2022
- If the 2022 Indiana return was filed by 4/18/2023, a pass-through entity can amend their return to make the election by 8/30/2024

 Form **IN-PTET**  
 State Form 67223  
 (3-23)

Indiana Department of Revenue  
**Pass Through Entity Tax Election**

**2022**

---

**Part One: Instructions**

This form is to be completed by an eligible partnership or S Corporation electing to be subject to the Pass Through Entity Tax. Mail the completed form to Indiana Department of Revenue, Tax Policy Division MS 102, 100 N. Senate Ave., Rm N248, Indianapolis IN 46204. Retain a **signed** copy of this form for your records as proof of your election.

**Part Two: Entity Information**

The pass-through entity must complete all information required. Also, see specific instructions for completion of the return and Schedule Composite/Composite-COR at [www.in.gov/dor/tax-forms/ptet/](http://www.in.gov/dor/tax-forms/ptet/).

Entity Name \_\_\_\_\_ Federal Employer Identification Number \_\_\_\_\_

Entity type (check one):

Partnership                       S Corporation

Taxable year of election (Enter start and end dates)

Start (MM/DD/2022) \_\_\_\_\_ End (MM/DD/YYYY) \_\_\_\_\_

For resident direct owners only, the pass-through entity is computing the owners' tax (check one):

Before allocation and apportionment (i.e., the owner's entire share is subject to tax).

After allocation and apportionment (i.e., only the owner's share of income apportioned/allocated to Indiana is subject to tax).

The entity has no resident direct partners or shareholders.

**Part Three: Attestation**

The entity listed on this form elects to be subject to the Pass Through Entity Tax imposed under IC 6-3-2.1 for the taxable year. The election by the entity for the taxable year cannot be revoked.

The undersigned is an individual who is authorized to bind the entity listed on this form to be subject to Pass Through Entity Tax.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Printed Name: \_\_\_\_\_ Title: \_\_\_\_\_

**Mail this form to:**

Indiana Department of Revenue  
 Tax Policy Division, MS 102  
 100 N. Senate Avenue, Room N248  
 Indianapolis, IN 46204

## Indiana PTET – Payment of PTET and Estimated Payments

---

- PTET payment is made on Form IT-6WTH (same as composite payment)
  - 2022: 3.23% of adjusted gross income
  - Due date is the same as composite payments (typically April 15<sup>th</sup>)
  - For 2022, no penalties or interest are due if the payment is remitted by 8/31/2024
- Indiana requires a 2023 estimated payment to be equal to or exceed 50% of the tax imposed for the taxable year to avoid underpayment of estimated tax penalty
  - Due by 12/31/2023
  - While requirement is only 50%, may consider paying 100% by 12/31/2023 in order to receive larger federal deduction on 2023 tax return

# Other Tax Planning Considerations for 2023 and Going Forward

## IRC §163(j) – Overview

---

- IRC §163(j):
  - Business interest expense is limited to the sum of:
    - Floor-plan financing interest
    - Business interest income
    - 30% of Adjusted Taxable Income (ATI)
  - Generally, applies to the following taxpayers:
    - Taxpayer with prior three-year average gross receipts in excess of \$27 million for 2022 (aggregation rules apply)
    - Tax shelters (35% or more of losses allocated to passive investors)



## IRC §163(j) – Loss of Depreciation Add Back to ATI

Tax Years 2018 – 2021	
Tentative taxable income	\$60,000
Plus: Business interest	\$45,000
Plus: Depreciation	\$75,000
Adjusted taxable income (ATI)	\$180,000
	<u>x 30%</u>
Limitation amount	\$54,000
Business interest	\$45,000
Limitation amount	\$54,000
Disallowed business interest	\$0

Beginning in Tax Year 2022	
Tentative taxable income	\$60,000
Plus: Business interest	\$45,000
<b>Plus: Depreciation</b>	<b>\$0</b>
Adjusted taxable income (ATI)	\$105,000
	<u>x 30%</u>
Limitation amount	\$31,500
Business interest	\$45,000
Limitation amount	\$31,500
<b>Disallowed business interest</b>	<b>\$13,500</b>

- Capital intensive businesses like transportation companies can be impacted by this change in the ATI calculation resulting in disallowed business interest

# Bonus Depreciation

---

- Types of property eligible for bonus depreciation:
  - MACRS property with a recovery period of 20 years or less
  - Depreciable (off-the-shelf) computer software
  - Qualified improvement property
    - Any improvement to an interior portion of a building which is nonresidential real property if such improvement is placed in service after the date such building was first placed in service
    - Excludes improvements attributable to: enlargement of building, elevator or escalator, or internal structural framework of the building
- Used property is eligible (subject to specific acquisition requirements)
- Bonus depreciation is 100% for 2022, but will decline by 20% each year beginning in 2023
  - 2023 = 80%
  - 2024 = 60%
  - 2025 = 40%
  - 2026 = 20%
  - 2027 = 0%

## Excess Business Loss Limitation and NOL

---

- Excess Business Loss Limitation - IRC §461(I)
  - Introduced as part of TCJA however delayed to 2021 due to CARES Act
  - Limits the amount of trade or business losses to offset nonbusiness income
    - ⑩ 2022: \$270,000 or \$540,000 for joint filers
    - ⑩ 2023: \$289,000 or \$578,000 for joint filers
  - Net trade or business losses that exceed annual thresholds are carried forward as an NOL to subsequent year(s)
  - Extended through 2028 by the Inflation Reduction Act of 2022
- Net Operating Loss (NOL)
  - Limited to 80% of taxable income computed without regard to NOL/QBI
  - NOLs arising after 12/31/2020:
    - ⑩ Indefinite carryover but no carrybacks

## Estate and Gift Exemptions

---

- TCJA – current law
  - \$12,060,000 in 2022
  - Reverts to \$5M + inflation on 1/1/2026
  - Annual gift tax exclusion in 2022 was \$16,000 per donee
    - \$17,000 in 2023

Year	Exemption Amount
2017	\$5,490,000
2018	\$11,180,000
2019	\$11,400,000
2020	\$11,580,000
2021	\$11,700,000
2022	\$12,060,000
2023	\$12,920,000

# Agenda

---

1. **Pass-Through Entity Tax (PTET) Overview**
2. **Indiana PTET Overview**
3. **Other Tax Planning Considerations for 2023 and Going Forward**



# Presenter

---



**Nathan Potter**

Director  
Katz, Sapper & Miller  
[npotter@ksmcpa.com](mailto:npotter@ksmcpa.com)



# Trucking Owners & Leaders Roundtable

## Networking Refreshments

---



# Thanks to Our Sponsors!

## The Fleet Leader Sponsors



## The Long Haul Sponsors



## The Road Warrior Sponsor



## Attendee Sponsors





# Trucking Owners & Leaders Roundtable

## The Legal Landscape for Transportation in 2023

---

### **Christopher J. Eckhart**

Partner, Scopelitis, Garvin,  
Light, Hanson & Feary

### **Braden K. Core**

Partner, Scopelitis, Garvin,  
Light, Hanson & Feary

### **Kelli M. Block**

Partner, Scopelitis, Garvin,  
Light, Hanson & Feary







# Agenda

1. FMCSA 2023 Priorities
2. FLR Attack Vectors
3. Brokers - Definitions & Liability
4. Arbitration Uncertainty
5. NLRB & U.S. DOL Initiatives
6. "Deceptive" Biz Claims
7. Sleeper Berth Time



# Changes to CSA/SMS Scores

- FMCSA rejected the IRT statistical model
- Key changes to SMS
  - Reorganizes BASICs into “Safety Categories.”
  - Consolidates list of violations.
  - Updates severity weights to make them less subjective.
  - Uses proportionate percentiles to reduce the impact of moving between safety event groups.
  - Adjusts intervention thresholds.
  - Emphasizes recent violations.
  - Updates utilization factor.

# Oral Fluids Drug Testing

- Approved for all DOT-regulated drug tests
- NOTE: HHS must certify two labs before carriers can use oral fluids drug testing.

# Hot Topics

- Proposed Changes to Crash Preventability Determination Program
  - Added 4 new categories of eligible crashes
- Anticipated Rulemaking on Speed Limiters
  - FMCSA indicated it would issue a supplemental rulemaking in June 2023.
  - Could impose speed limitations on heavy trucks (>26,000 lbs. GVWR)

# FLR Attack Vectors

- Compensation—especially split of “revenue”
- Deductions and “markups”
- Facilitated insurance
- “Forced” purchases

# FMCSA Guidance on the Brokerage Front

- Infrastructure Investment and Jobs Act
- Definitions
  - Broker
  - Bona Fide Agent
- Role of Dispatch Services
  - Handling Money?
  - Electronic Load Boards?



# Broker Liability

- *Aspen American Insurance Co. v. Landstar Ranger, Inc.* (11th Cir. Apr. 13, 2023)
  - Broker tendered freight to thief posing as a carrier broker had already vetted/approved
  - Shipper's insurer alleged broker was negligent in its selection of the carrier under Florida law
  - District court found, and 11th circuit confirmed, FAAAA preempts negligent selection claims under state law
  - Second decision on this issue by a federal appellate court
  - Mixed results on issue in federal district courts

# Arbitration Uncertainty

- Hailed as “class action killer”
- Exemption for “transportation workers”
- Another trip to the Supreme Court?

# NLRB Initiatives



- Independent Contractor Status
- Joint Employer
- NLRB MOUs with FTC and DOJ
- UPS Negotiations with Teamsters

# U.S. DOL Initiatives

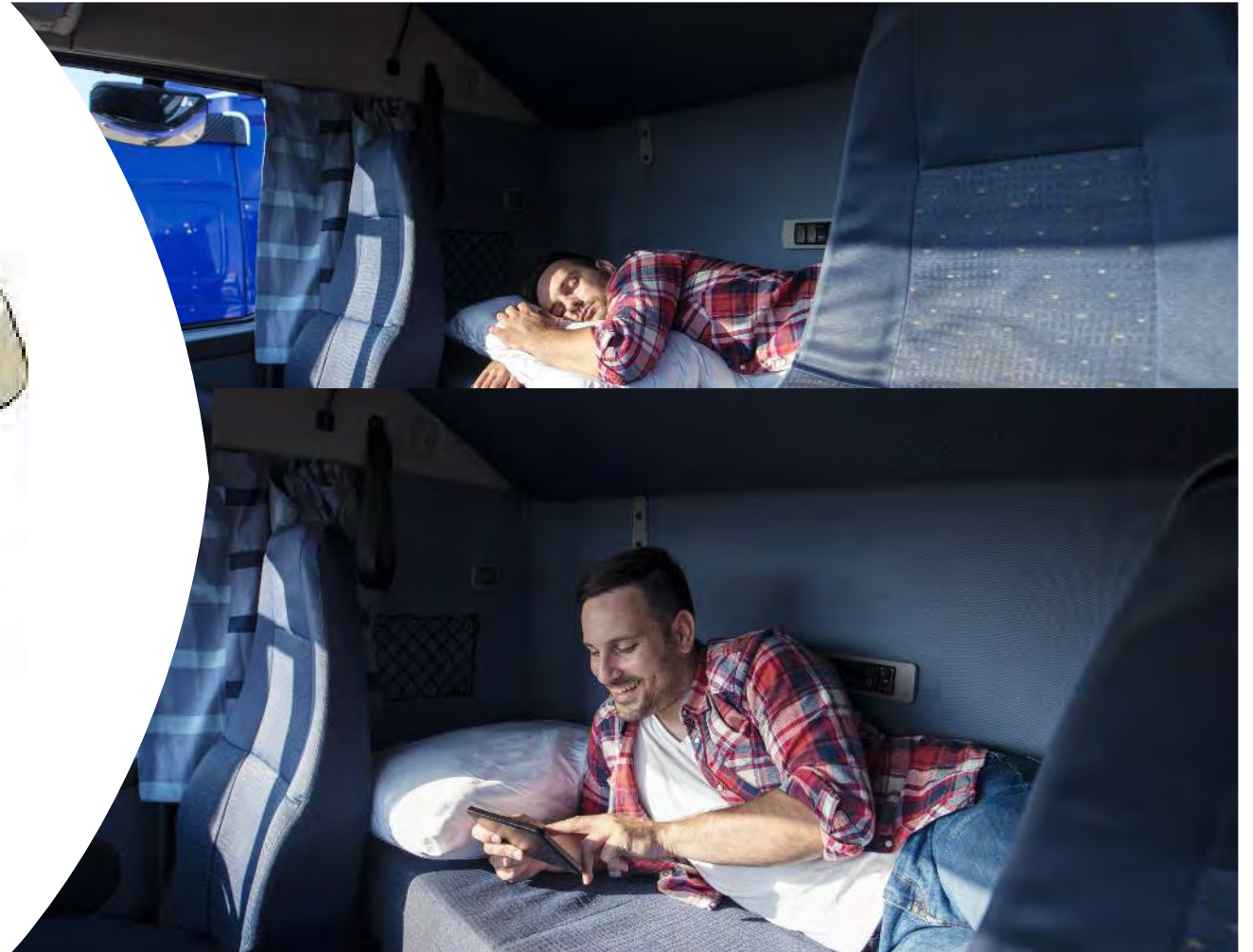


# Deceptive Biz Claims

- New breed of claims aimed at motor carriers
- Targets are recruiting and lease-purchase programs



# To Compensate or Not to Compensate?



# Q&A

*This presentation was created by Scopelitis, Garvin, Light, Hanson & Feary, P.C., or its affiliates (“Scopelitis”). Transmission of the information in this presentation is not intended to create—and receipt of this presentation does not constitute—an attorney-client relationship. The information in this presentation is not intended to constitute legal advice or to substitute for obtaining legal advice from an attorney licensed in the appropriate jurisdiction. All materials contained in this presentation—including text, non-licensed images, logos, and or other material, and all intellectual property rights thereto, including copyrights, trademarks, service marks, trade names, and trade dress—are owned by Scopelitis. You agree not to copy, reproduce, republish, transmit, modify, or distribute any of the content contained in this presentation absent the prior written approval of Scopelitis, except for your personal, noncommercial use. These rights are valid and protected in all forms, media, and technologies existing now or hereafter developed. The content in this presentation is provided “as is.” Scopelitis expressly disclaims any liability for any action, or failure to take action, in reliance on any of the contents of this presentation.*

# Presenters

---



**Braden K. Core**

Partner

Scopelitis, Garvin, Light, Hanson & Feary  
bcore@scopelitis.com



**Christopher J. Eckhart**

Partner

Scopelitis, Garvin, Light, Hanson & Feary  
ceckhart@scopelitis.com



**Kelli M. Block**

Partner

Scopelitis, Garvin, Light, Hanson & Feary  
kblock@scopelitis.com



# Trucking Owners & Leaders Roundtable

## Scale Your Trucking Company and Enjoy the Climb!

---

**Tim Almack**

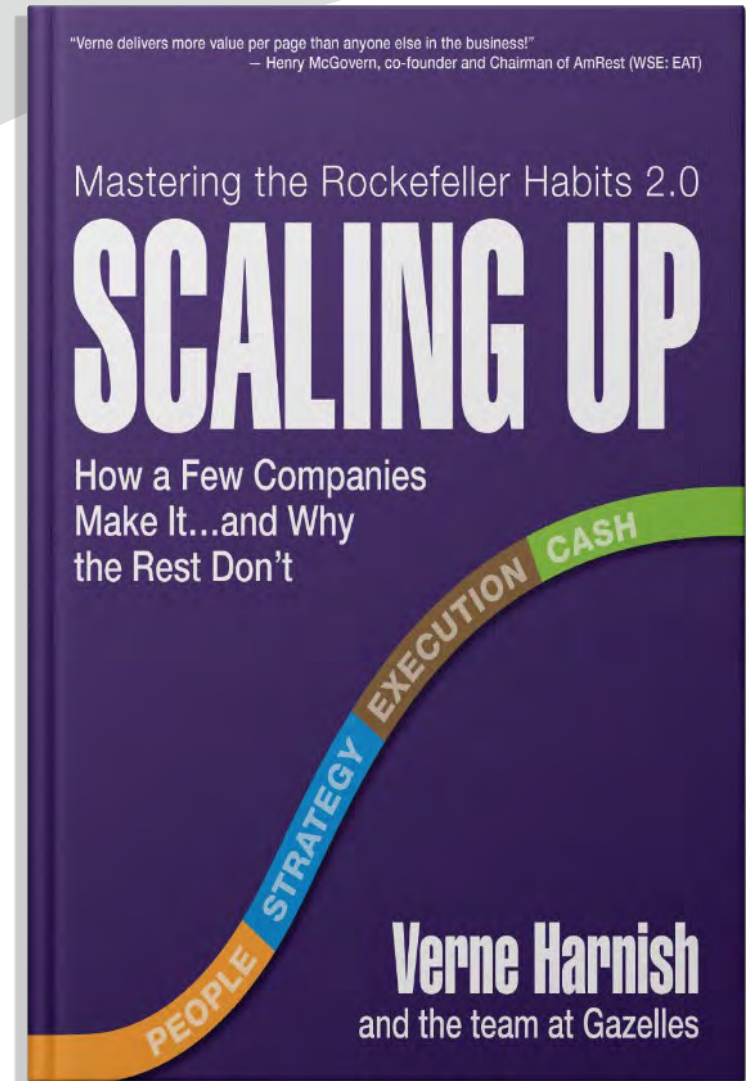
Managing Member, 95 to 88, LLC





# Session Goals

- **Knowing-Doing Gap and Scaling Up**
- **Scaling Up with Transactions**
- **Questions and Thoughts on Scaling Up Decisions**
  - People
  - Strategy
  - Execution
  - Cash



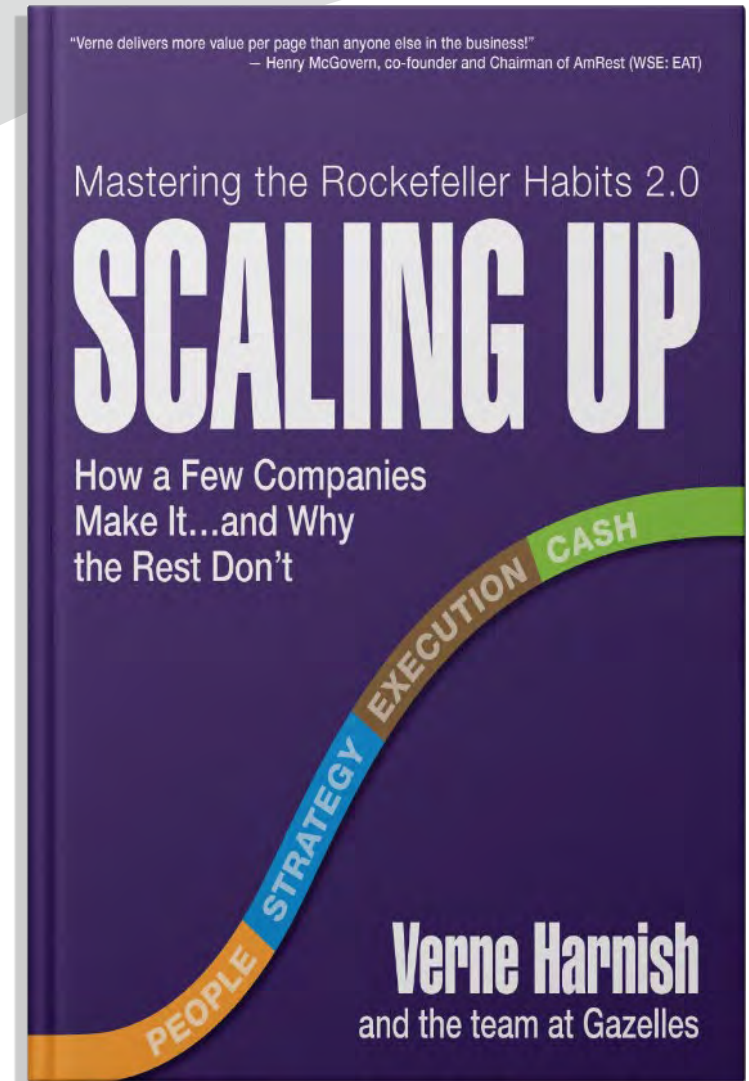
PEOPLE

STRATEGY

EXECUTION

CASH

# Knowledge is Power???????



PEOPLE

STRATEGY

EXECUTION

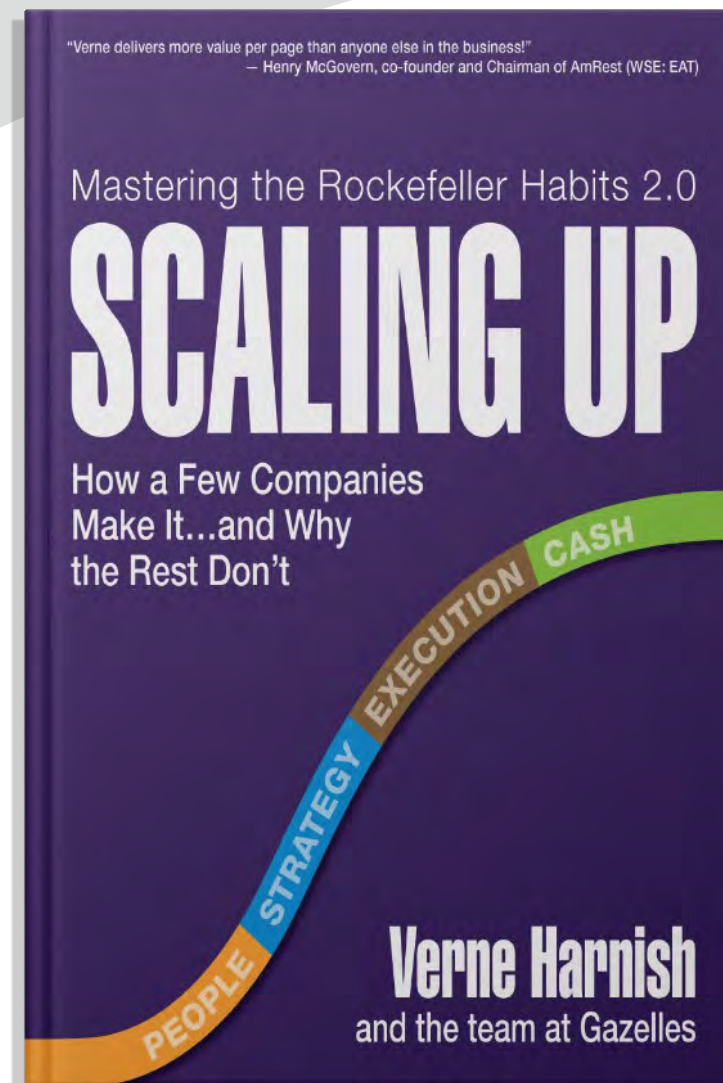
CASH

# Scaling Up- Getting Better Every Day

“If you think you have room to grow, you do and you will.

If you think you're as good as you can be....you're right. You won't get any better”.

*Discipline is Destiny- Ryan Holiday*



PEOPLE

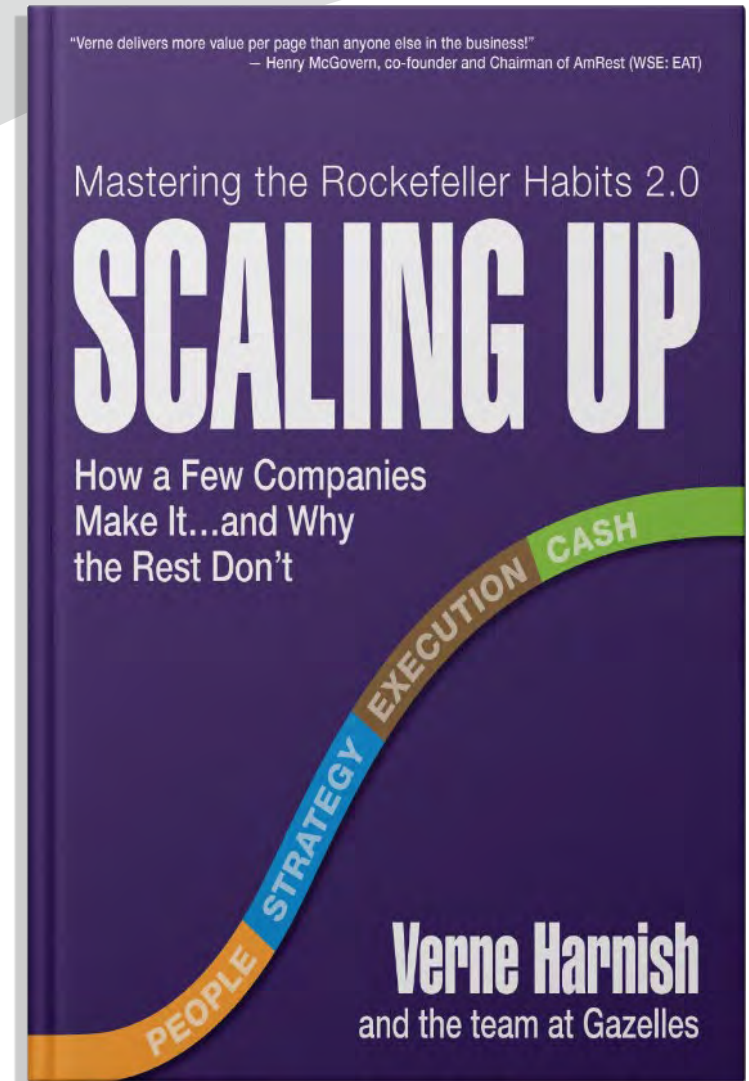
STRATEGY

EXECUTION

CASH

## James Clear, Atomic Habits

"One good day does not mean you can coast tomorrow. You never have it fully licked. Making good choices is an endless process. Many areas of life that we value most—our relationships, our fitness, our craft—require a continual commitment."



PEOPLE

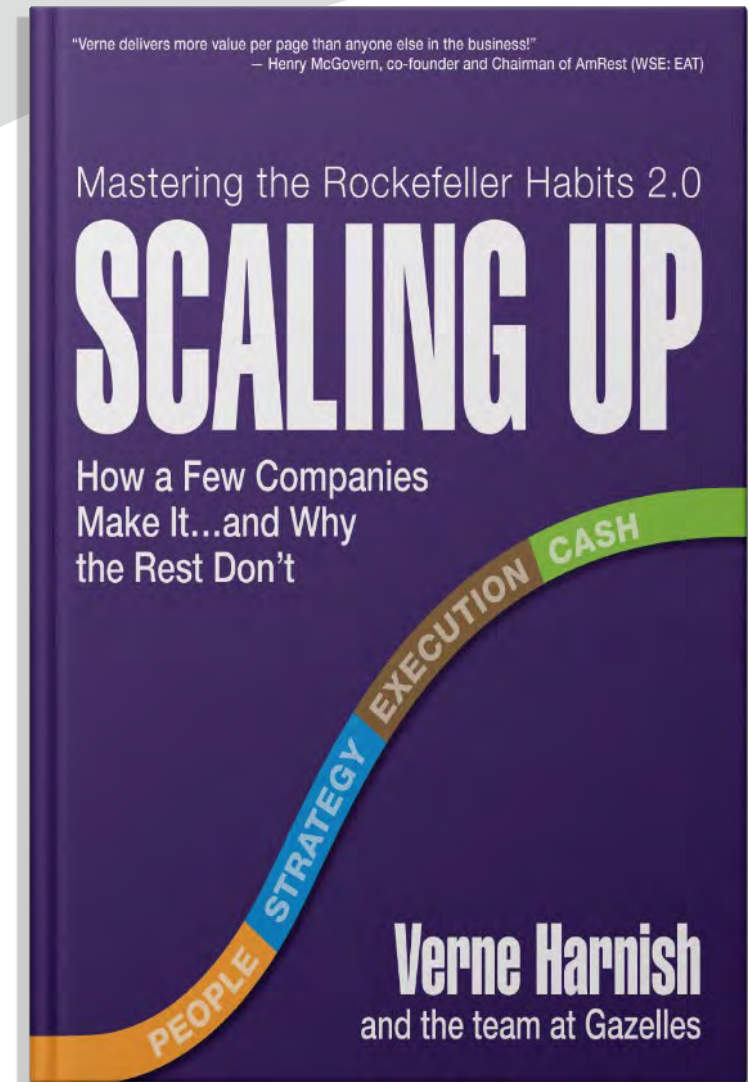
STRATEGY

EXECUTION

CASH

# Biologist Roger Payne on the power of having your boots on the ground and paying attention:

**"Any observant local knows more than any visiting scientist. Always. No exceptions."**



PEOPLE

STRATEGY

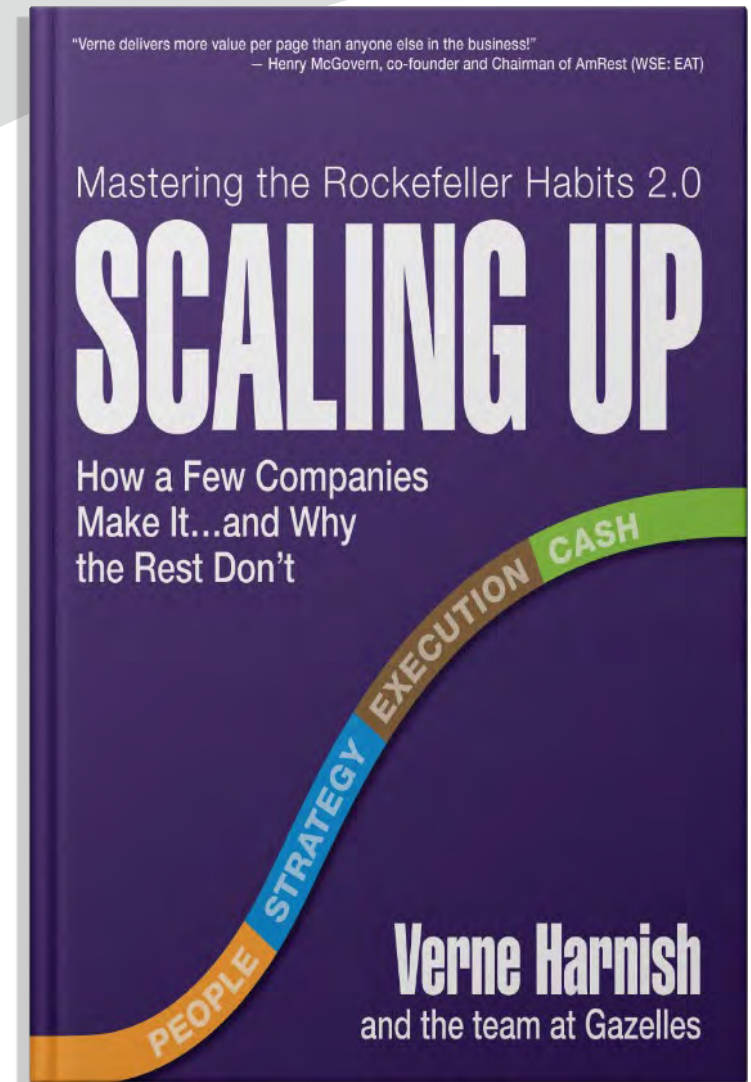
EXECUTION

CASH



## 4 Key Decisions

In order to make it, companies need to get all four decisions right.



PEOPLE

STRATEGY

EXECUTION

CASH



## MORE MONEY

2x Cash Flow  
3x Industry Average Profitability  
10x Valuation

## MORE TIME

Reduce by 80% the  
time it takes to  
manage the business.

## MORE FUN

Support to speed the process  
and take the load off the  
leadership team.

# Barriers to Scaling:

- Leadership
- Scalable Infrastructure
- Marketing

# How is Wealth Generated? Transactions

Stephen Watkins, Aon Head of Growth Acquisitions



# SCALING UP+

## VIRTUAL SUMMIT

### SCALING UP VIA ACQUISITIONS

Moderated by Verne Harnish,  
CEO and author of *Scaling Up*



## SPEAKER NOTES

THURSDAY, 23 MARCH 2023

[Bios at [scalingup.com/march-23-2023-scaling-up-virtual-summit-series/#speakers](https://scalingup.com/march-23-2023-scaling-up-virtual-summit-series/#speakers) ]




### INTRO: VERNE HARNISH

Summit Host and CEO of Scaling Up

#### Conclusions:

- Riches are in the niches. Find a highly niched opportunity and then acquire small firms in that niche to create a national or global firm.
- Become the platform company in your niche by creating the culture, the playbook, and scalable infrastructure (technology) that makes it attractive for firms/founders to bolt on and win.
- Start with small acquisitions – you can't afford to mess up a big one early.
- Talent is always key. Build a bench and use acquisitions to attract talent that wouldn't otherwise be available.
- Actively network in your industry/niche – through your trade associations and hosting events. Membership in YPO and EO can help connect you with other founders/CEOs.
- As the CEO of a business, you have an advantage over PE firms in reaching out and connecting with other like-minded CEOs/owners.
- Have a dedicated team to integrate the acquisitions.
- Demonstrate immediately that you care for the people in the firm being acquired – ease their fears.
- Over-communicate!!



A close-up photograph of Ayrton Senna wearing a racing helmet. The helmet features a prominent Marlboro logo on the top and a NACIP logo on the side. Senna is looking upwards and to the right with a focused expression. The background is dark and out of focus, showing parts of a race car.

***“You can’t overtake 15 cars in sunny weather...but you can when it’s raining.”***

**Racing legend Ayrton Senna**

Margaret Heffernan

**Be ambitious**



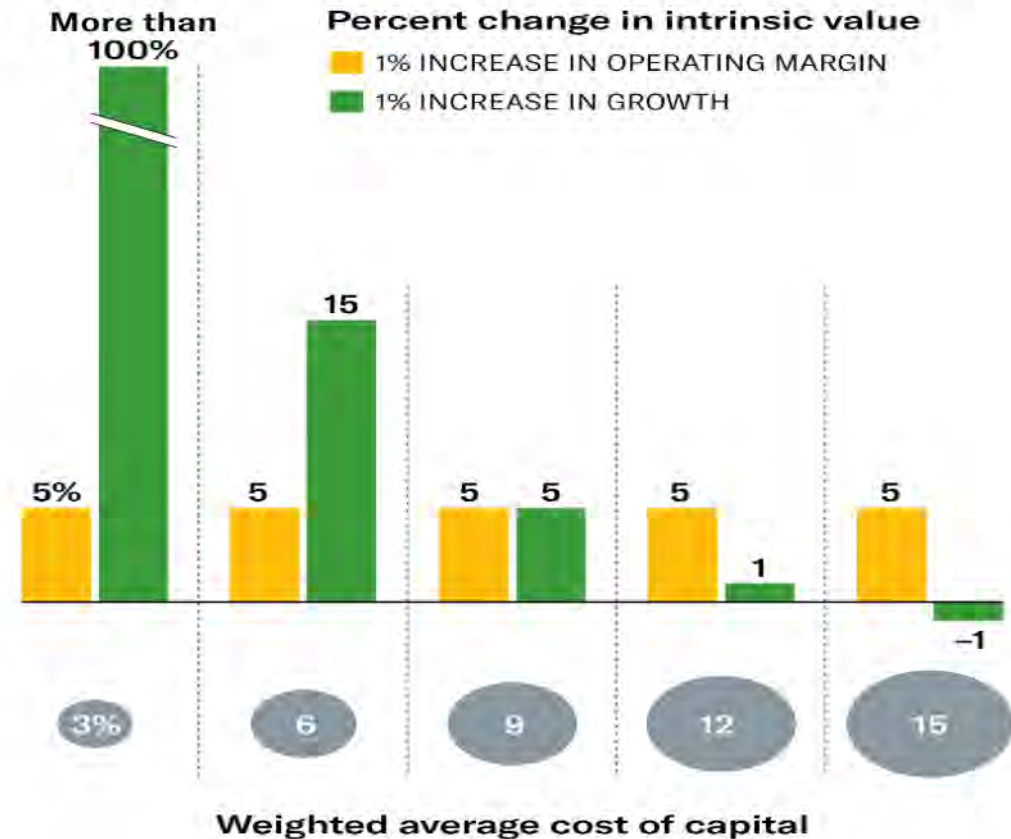
# Ambitious

# But

# Strategic

## Profitability, Growth, and Value

The value of growth relative to operating margin improvement varies depending upon the cost of capital. The value of a 1% increase in sustained operating-margin will increase value by 5% regardless of the cost of capital. The value of a 1% increase in growth, by contrast, is highly sensitive to the cost of capital. Put simply, the higher the cost of capital, the lower the value of additional growth. When the cost of capital exceeds 9%, investments targeted at improving operating margins are worth more than investments in growth.





# People Decisions

## Key Question:

Are all stakeholders happy and engaged in the business; and would you rehire all of them?



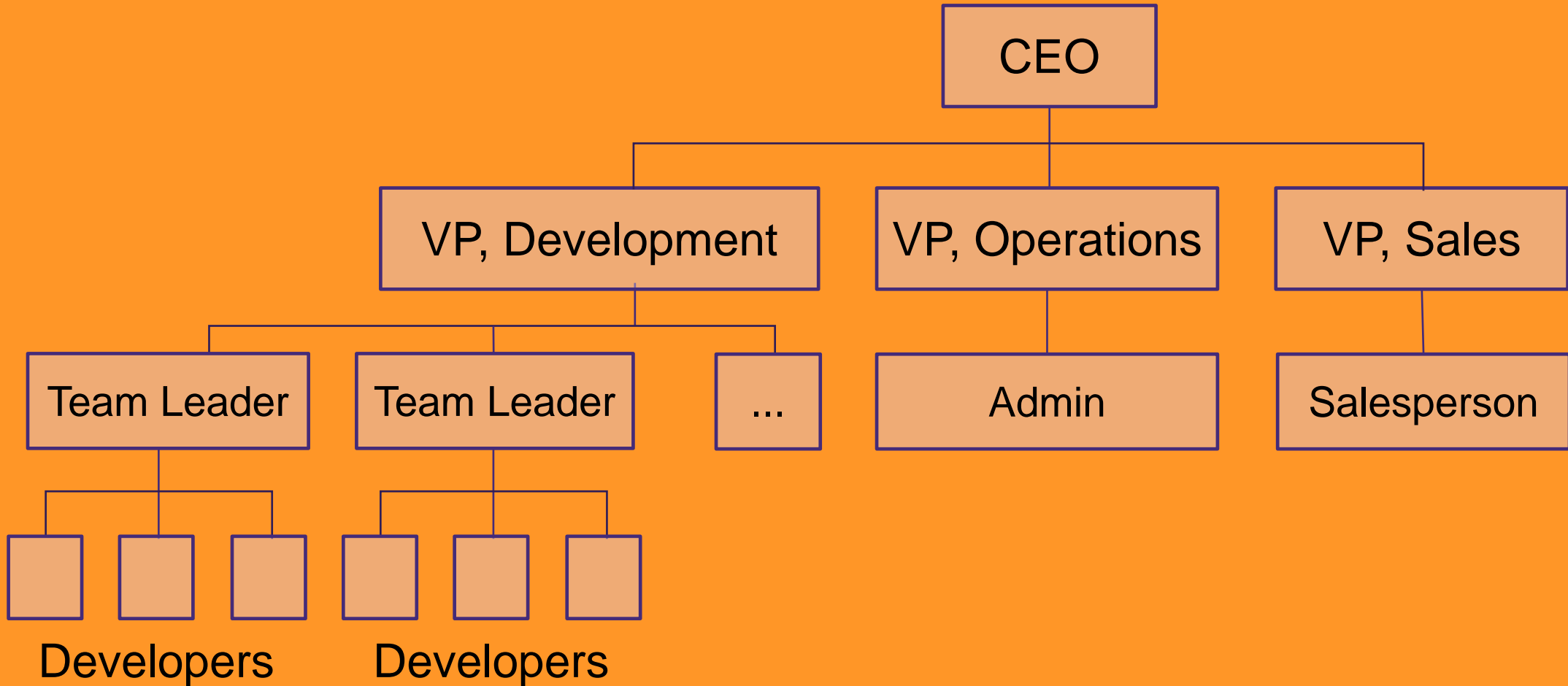
# Right People Right Seats Right Things

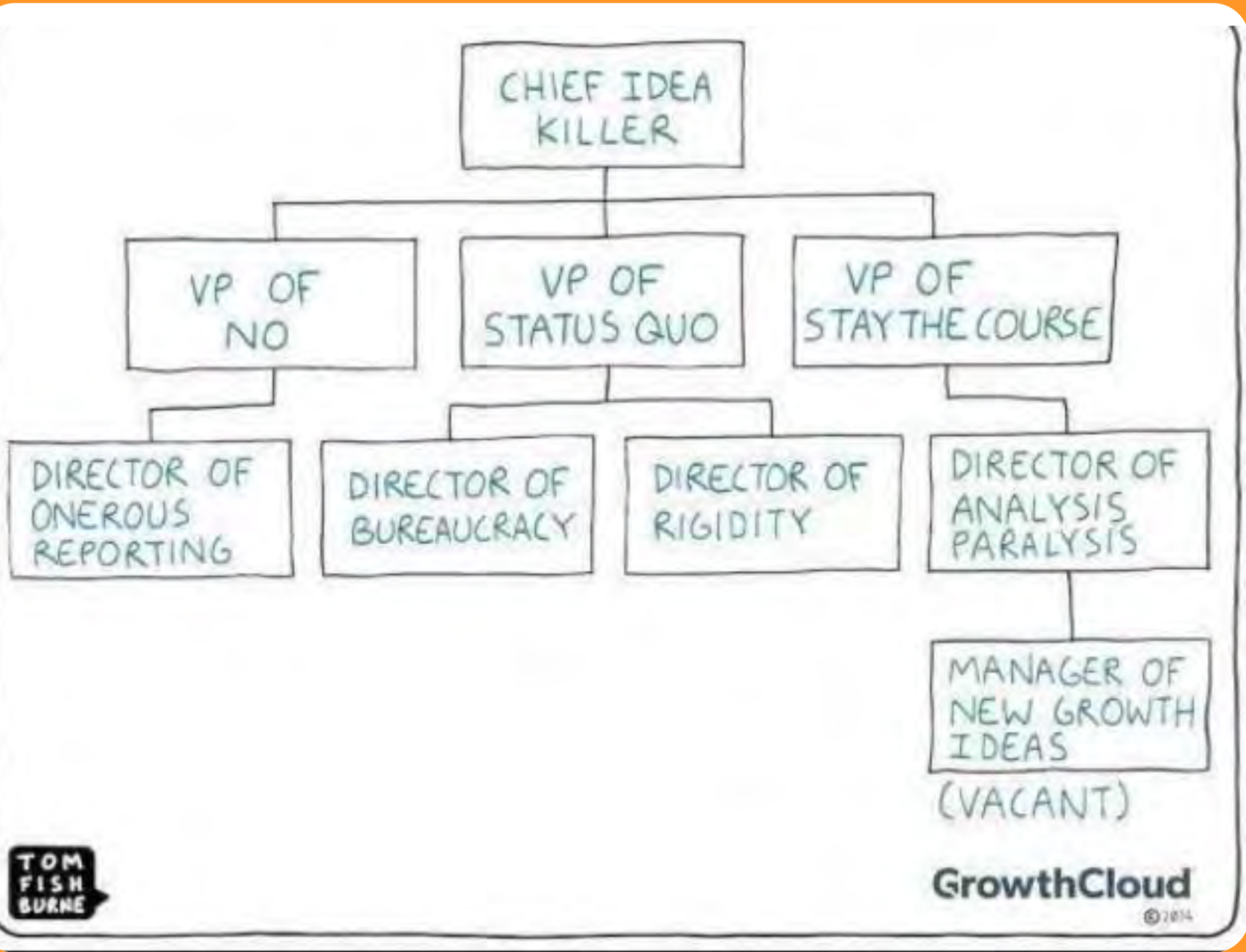
---





# Traditional Org Chart







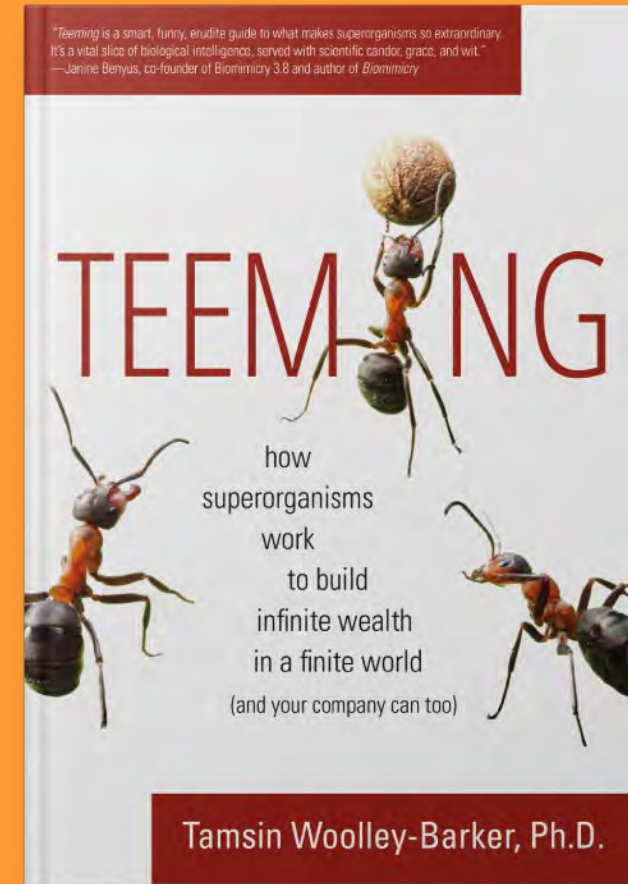


# Tamsin Woolley-Barker



# Superorganisms

- Cultivate Collective Intelligence
- Nurture Swarm Creativity
- Rely on Distributed Leadership
- Depend on Reciprocity and Sharing
- Compound Regenerative Growth

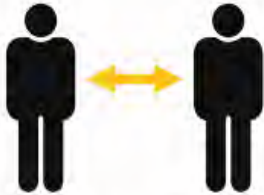




# Scalable Infrastructure Complexity



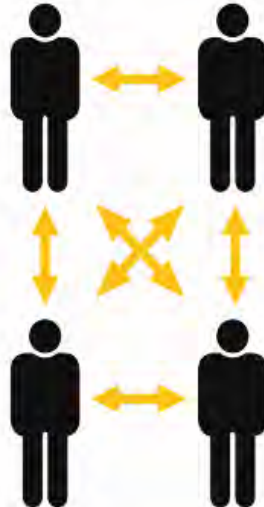
2



6

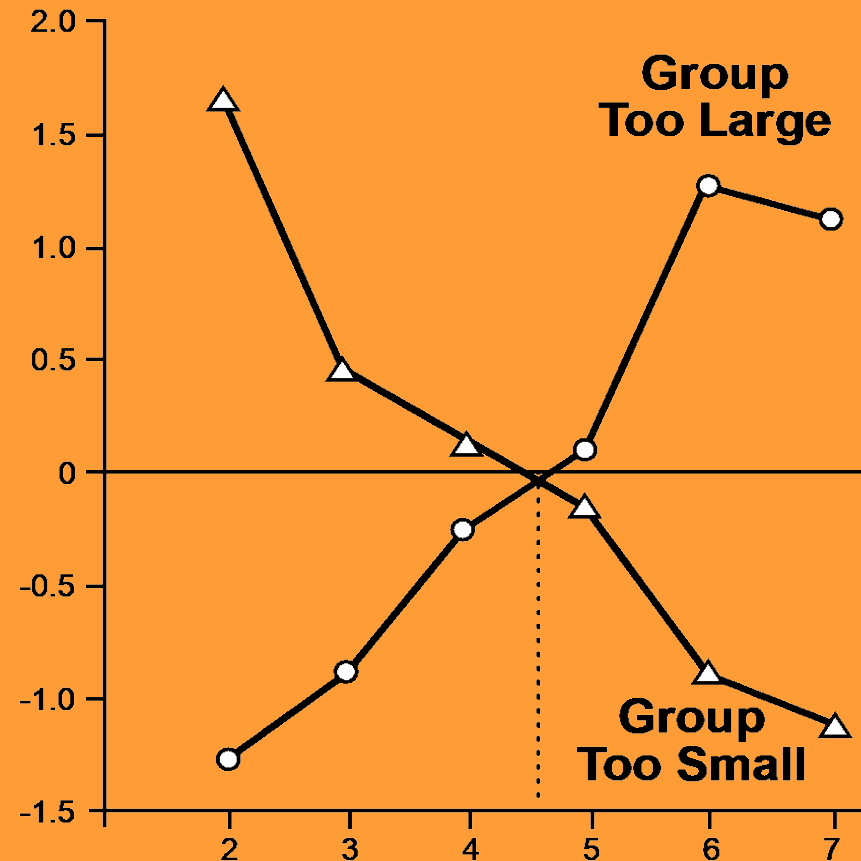


24



# Optimum Size: 4.6

**Standardized  
Satisfaction  
Scores**



**Group Size**







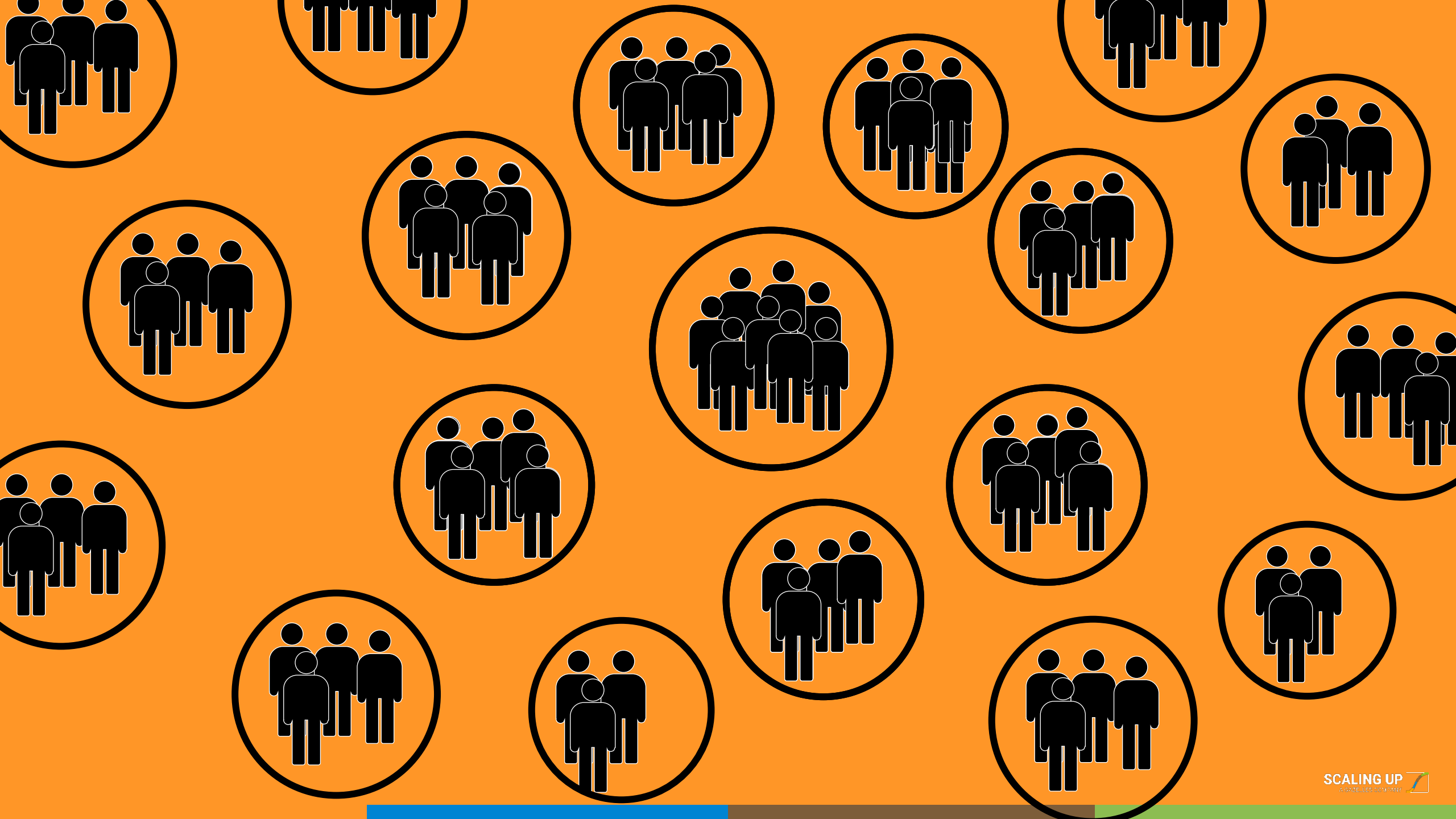


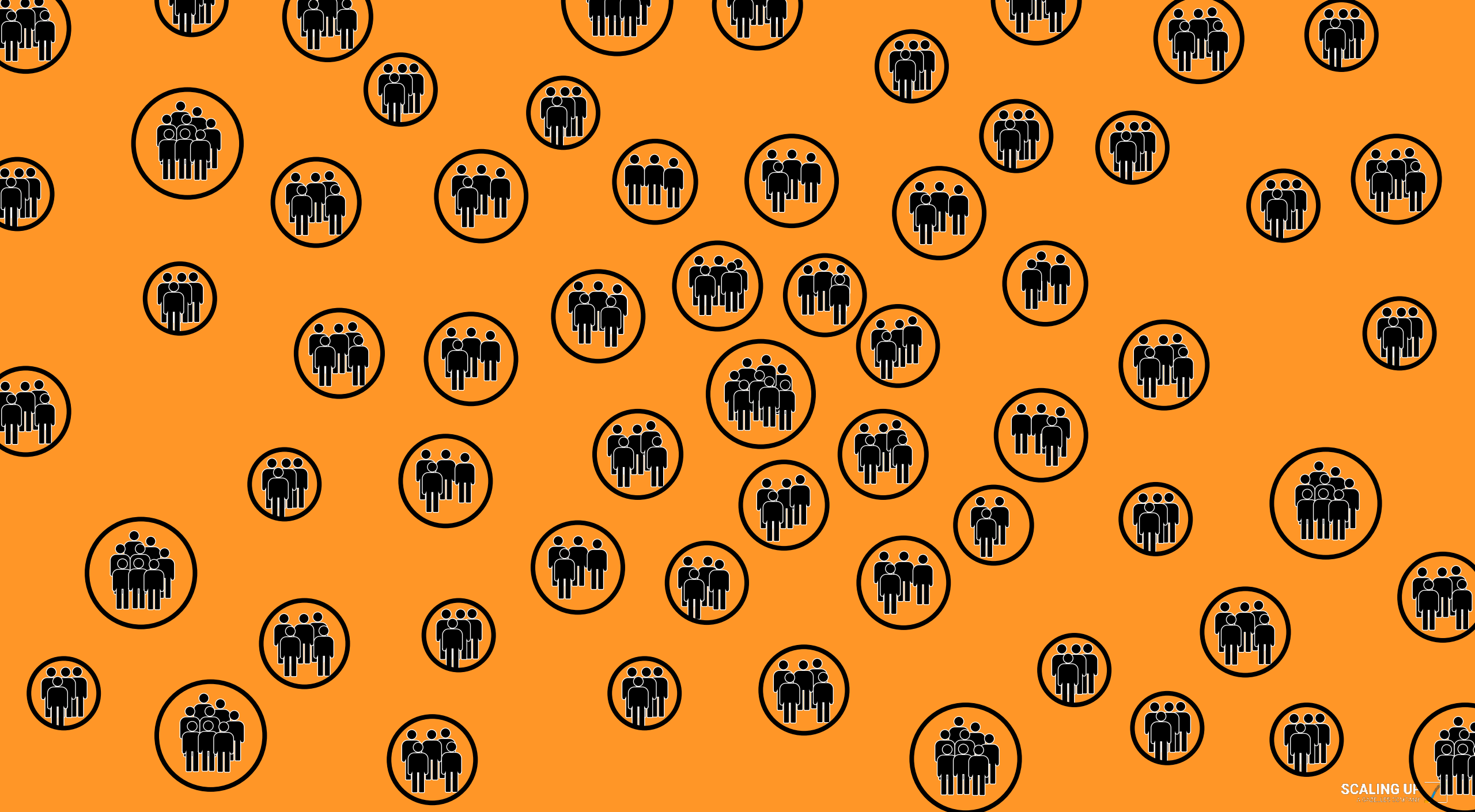
# Agile Scaleup

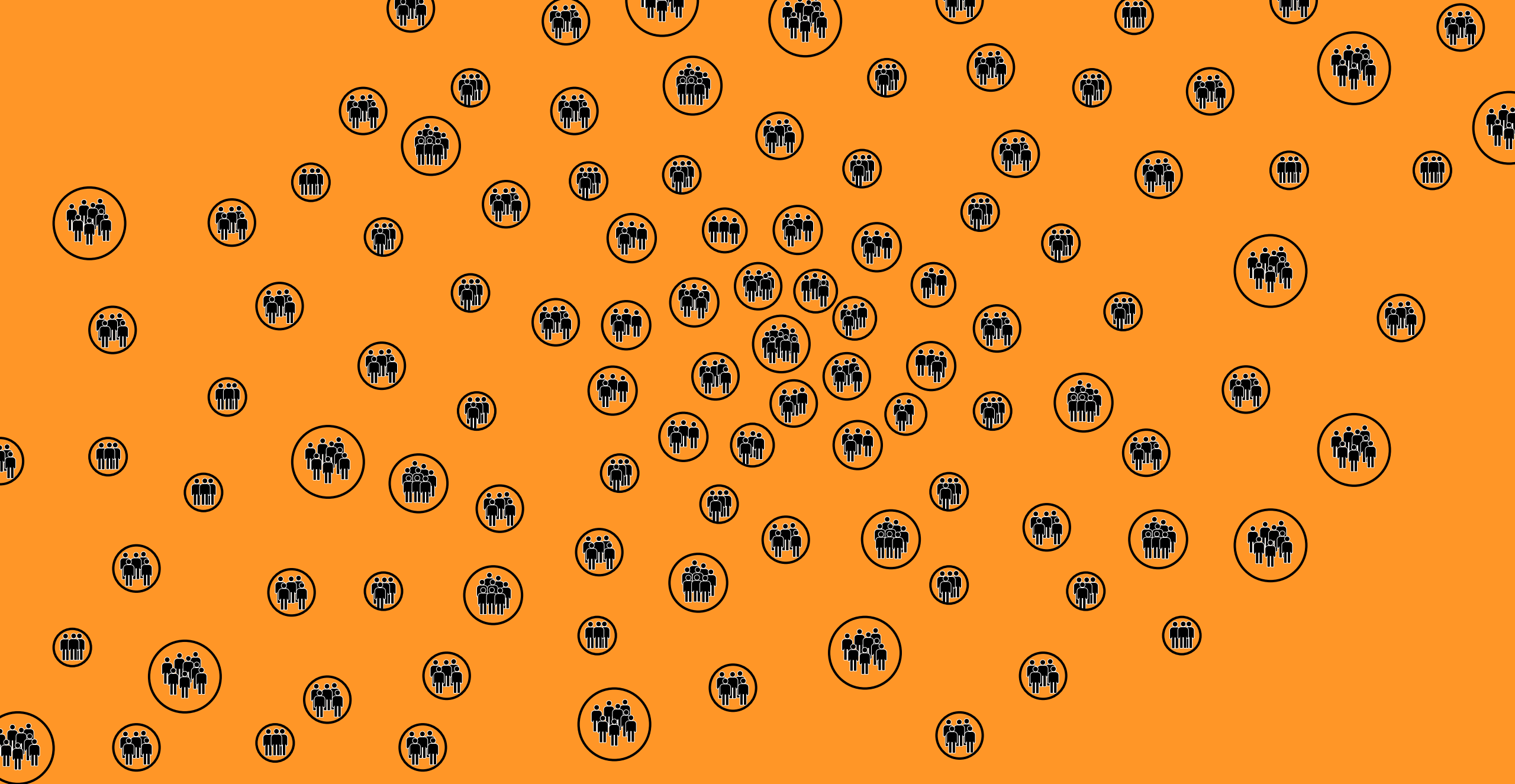




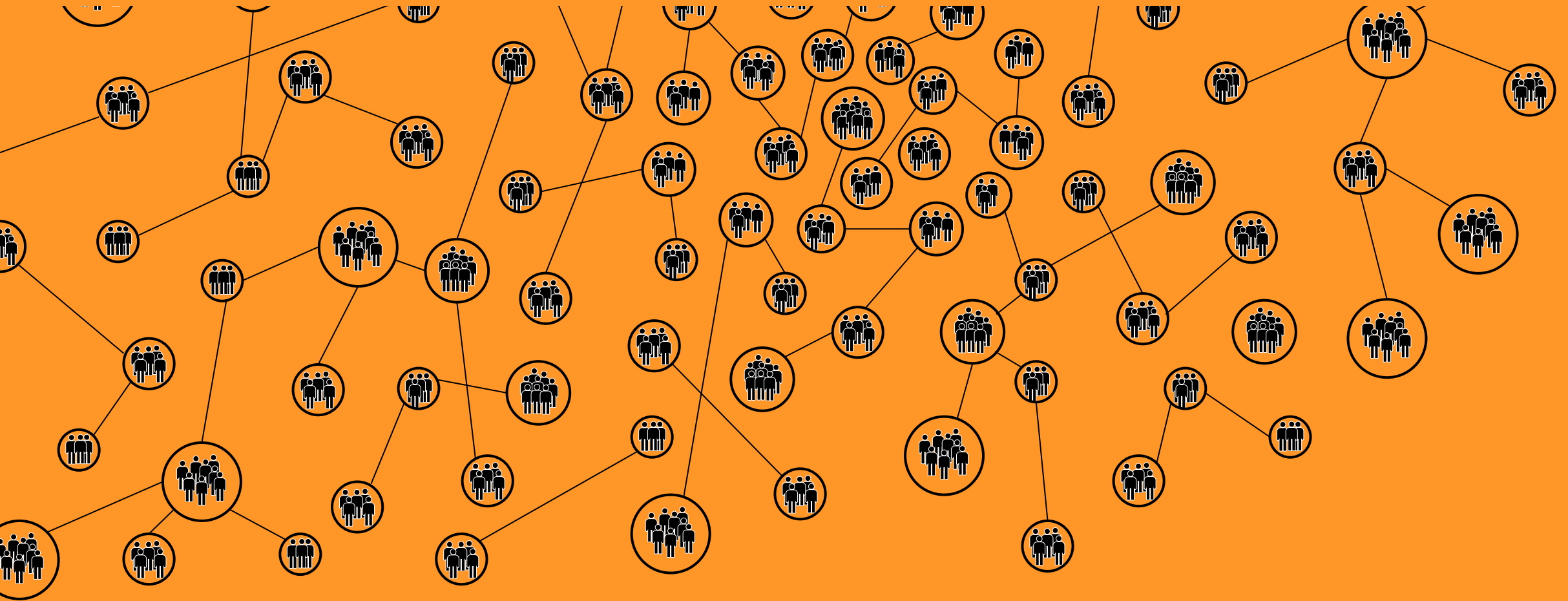








# Agile Scaleup





**← MOVE →  
YOURSELF**

# COMPANY PROFILE



[moveyourself.com.au](http://moveyourself.com.au)



1300 882 187





BUURTZORG



BUURTZORG



**14,000+ Nurses**

**50 HQ**

**18 Coaches**

<https://www.bing.com/videos/search?q=buurtzorg+model&view=detail&mid=3C7709F8945C55FF35C13C7709F8945C55FF35C1&FORM=VIRE>

# Haier





# Haier

**74,000** Employees  
**-10,000** Middle Managers  
**= 4,000** Microenterprises





# Safest Place to Be in US?

2000 – 2009

11 Fatal Crashes, 247 Deaths

2010 – 2020

02 Fatal Crashes, 2 Deaths





Advanced

Save

Email

Send to

> Stud Health Technol Inform. 2017;234:13-17.

# Your Health Care May Kill You: Medical Errors

James G Anderson<sup>1</sup>, Kathleen Abrahamson<sup>1</sup>

Affiliation

PMID: 28186008

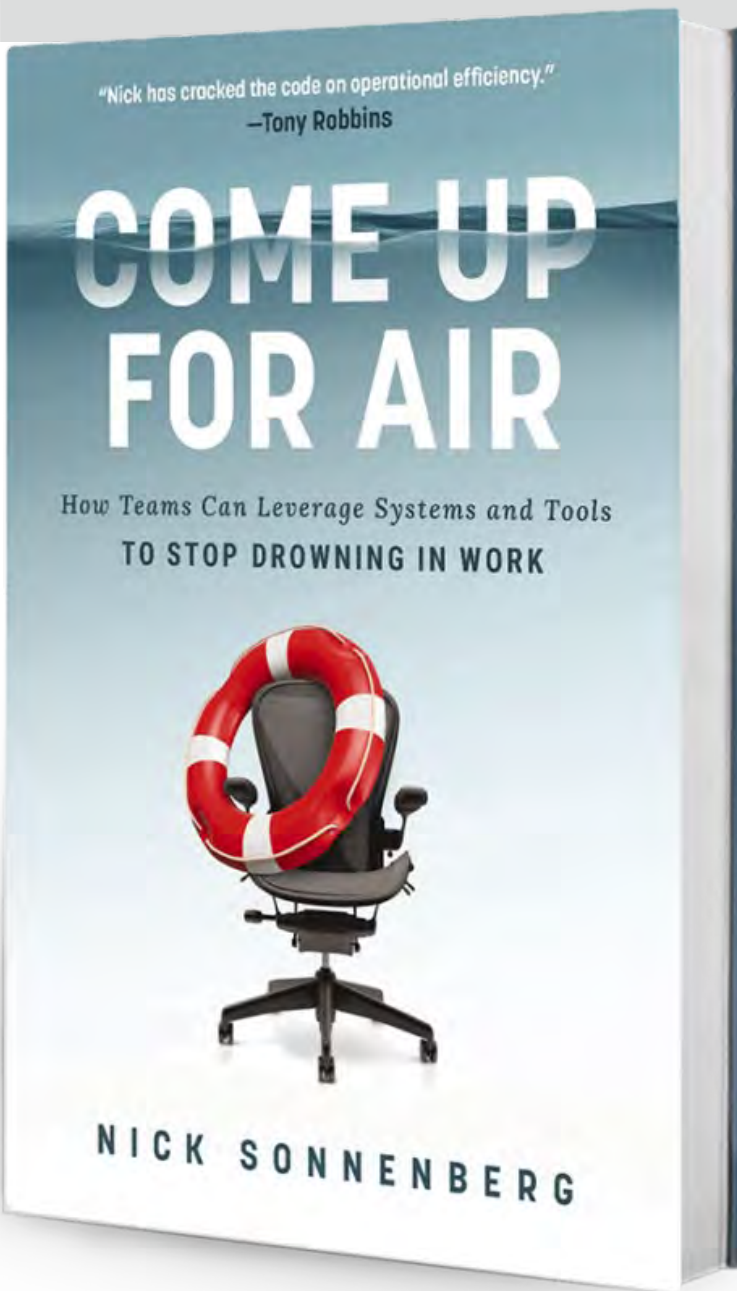
Abstract



# Got Drama?







*"Nick has cracked the code on operational efficiency. *Come Up for Air* should be required reading for any organization that wants to be high-performing."*

**TONY ROBBINS**

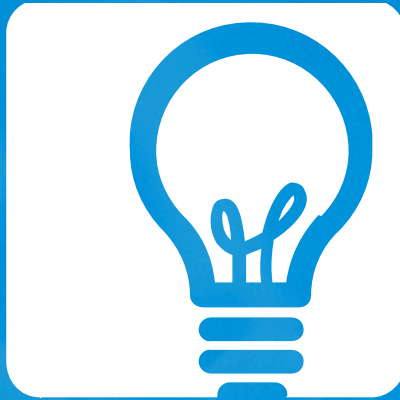
*"Whether it's a good or bad economy, the greatest competitive advantage a business owner or CEO could achieve is to master operational efficiency. It can save hours every week and make your entire organization infinitely more productive, and effective—and achieve performance excellence. *Come Up for Air* is more than a must-read book."*

**JAY ABRAHAM**

**FOUNDER OF THE ABRAHAM GROUP AND AUTHOR OF GETTING EVERYTHING YOU CAN OUT OF ALL YOU'VE GOT**



# Strategy Decisions



## Key Question:

Can you simply state your firm's strategy – and is it driving sustainable growth in revenue and gross margins?

“The greater danger for most of us is not that our aim is too high and we miss it, but that it is too low and we reach it.”

---

Michelangelo

# What is the definition of Strategy?



# What is the definition of Strategy?

- **Michael Porter:** “Strategy is the creation of a unique and valuable position, involving a different set of activities.”
- **Jim Collins:** “We think strategy is real complicated and to be a strategist, some people think you need the intelligence of a pure mathematician and the skills of a master chess player.....strategy is not difficult, nor is setting strategy a complicated scientific exercise. Strategy is simply the basic methodology you intend to apply to attain your company’s mission or purpose.”



# Vision Differentiation Brand Promise

---



# Vision

Where is the company going, and why should your team follow you there?



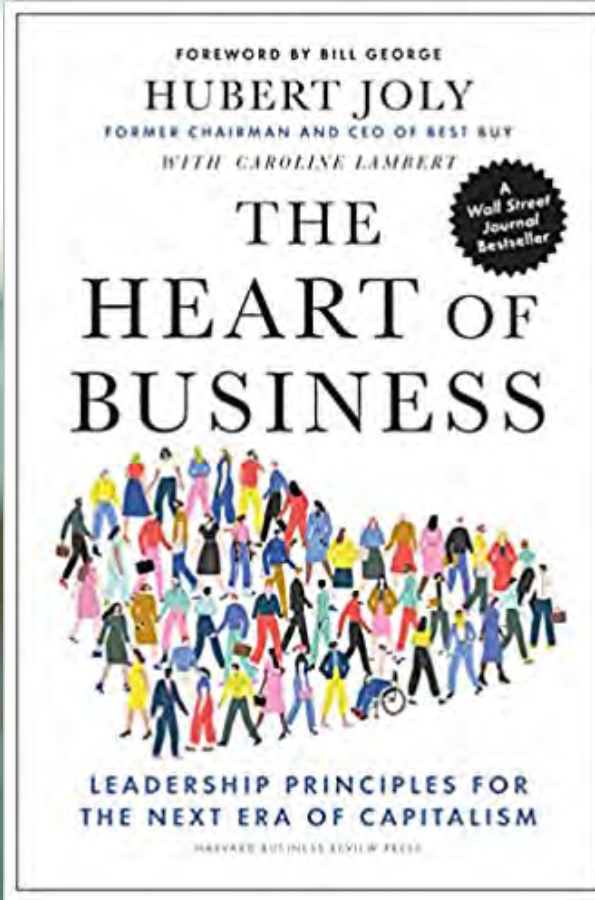
**SCALING UP**  
CERTIFIED COACH





# Vision is the core of Strategy

- Purpose
- Core Values
- Envisioned Future
- BHAG



# Hubert Joly

**Best Buy: Our Purpose is to enrich lives through technology.**

**Unleashing Human Magic:**

**-Connecting Dreams**

**-Developing Human Connections**

**-Fostering Autonomy**

**-Achieving Mastery**

**-Putting the Wind at Your Back**





- Added questions about Core Values as first step of online job application
- Rewarded employees who best embodied each Core Value with branded t-shirts
- Performance Reviews designed to check embodiment of Core Values

An aerial photograph of a mountain valley, showing a winding road and a small town. A large white circle is superimposed over the center of the image, framing the text.

# Purpose

We shift the way people  
**experience life**



The logo for redballoon, featuring the word "redballoon" in a bold, lowercase, red sans-serif font. To the right of the text is a red icon of a balloon with a string that loops around to form a female symbol.

EXPERIENCE GIFTING

A circular graphic containing the text "make every moment count" in a lowercase, sans-serif font. The background of the circle is a blurred image of a person in a blue and white outfit floating in the ocean.

# BHAG

Serve an experience,  
sustainably, every second  
somewhere on earth

**by 2030**



# BIG RED GROUP

## BHAG: EXPERIENCES SERVED 2022



adrenaline

JAN 22  
EVERY 26.60

EXPERIENCEOZ

FEB 22  
EVERY 26.31

EXPERIENCEOZ  
Local Agent

MAR 22  
EVERY 26.22

LIME  
& TONIC

APR 22  
EVERY 26.23

redballoon

MAY  
EVERY

JUN 2022

CURRENTLY EVERY 25.01 SECONDS



# Differentiation

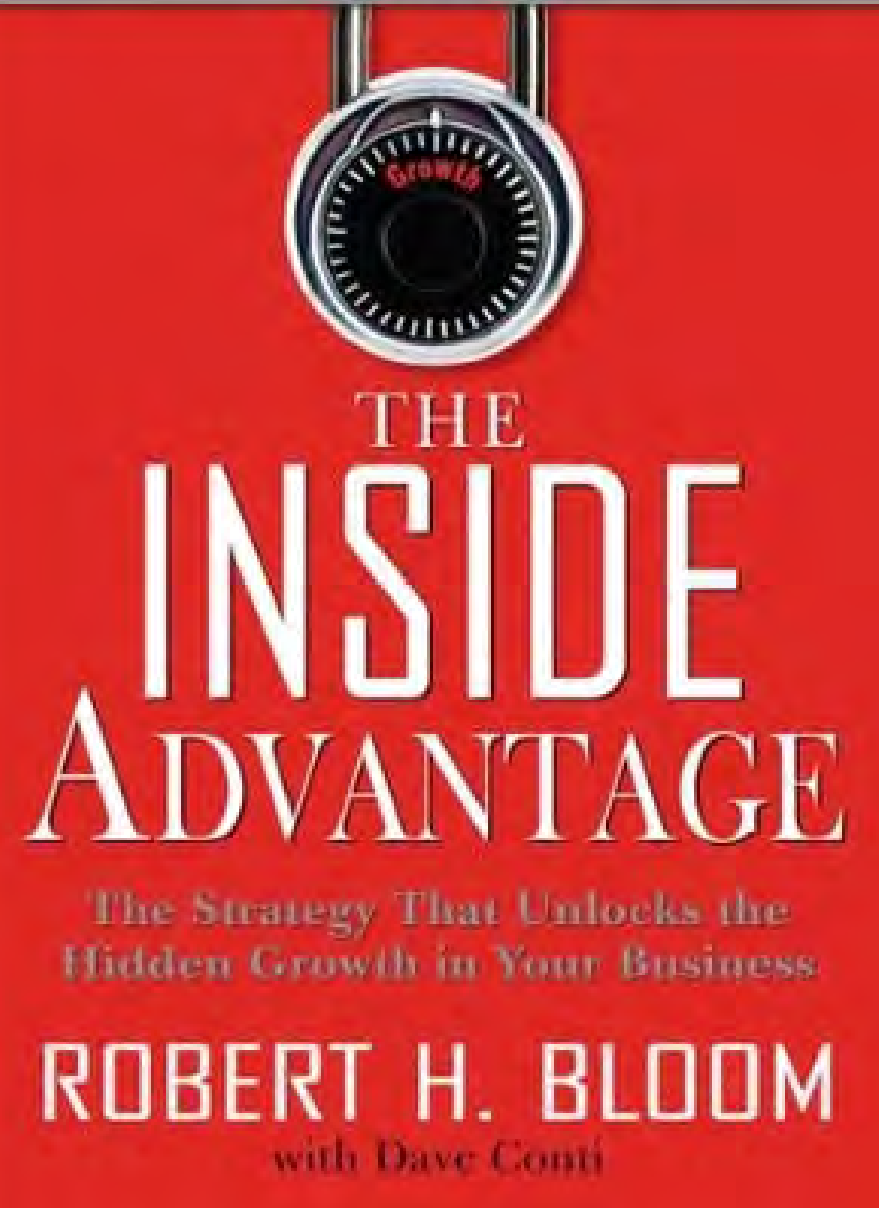
Strategy can differentiate your brand from a crowded competitive landscape.



**SCALING UP**  
CERTIFIED COACH



SOUTHWEST AIRLINES, NESTLÉ, ZALES, AND T-MOBILE  
HAVE TURNED TO BOB BLOOM FOR GROWTH STRATEGIES  
—NOW YOU CAN, TOO!



## THE GROWTH DISCOVERY PROCESS

**WHO** is the core customer most likely to buy your product or service in the quantity required for optimal profit.

**WHAT** is the uncommon offering that your business will own and leverage.

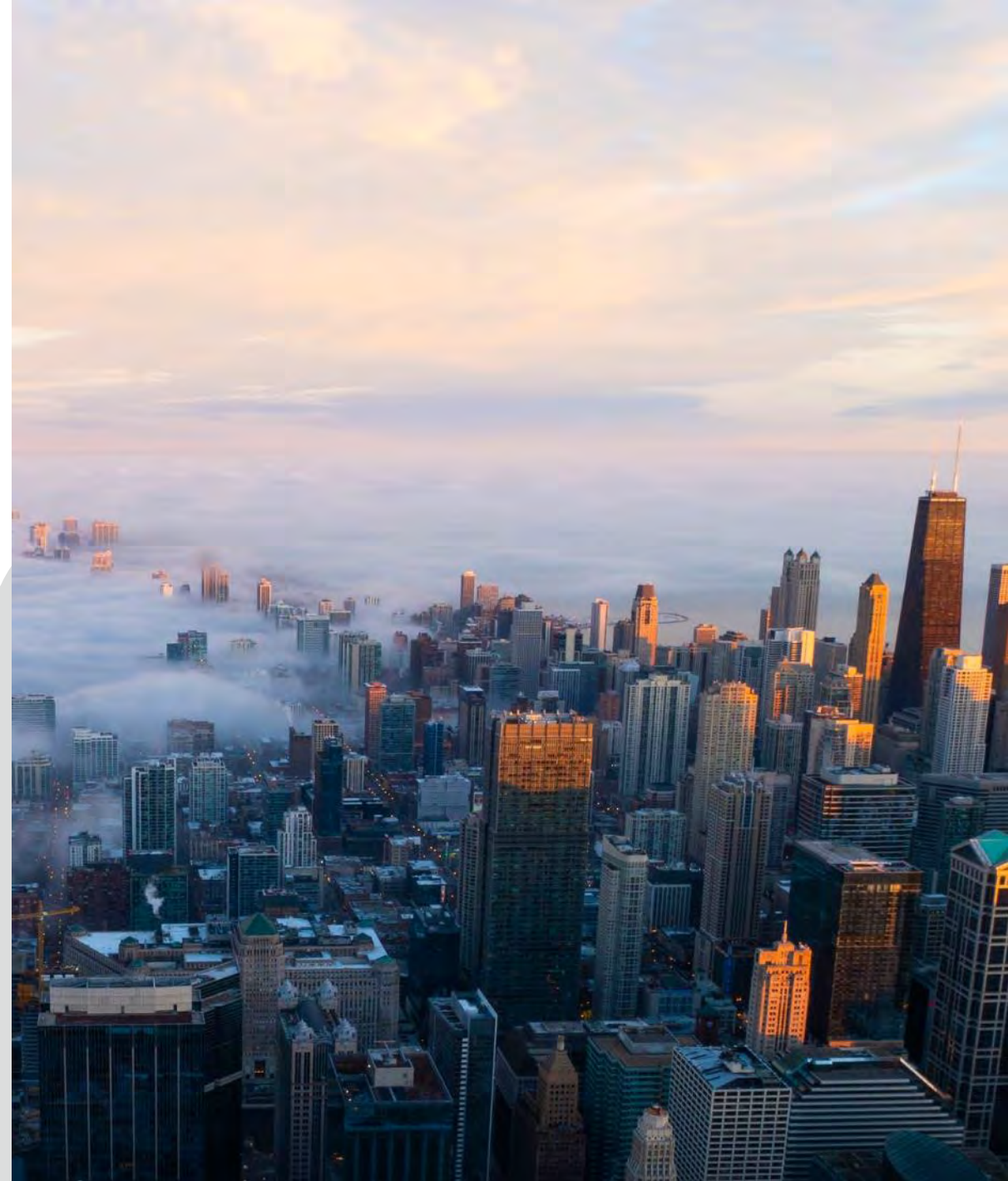
**How** is the persuasive strategy that will convince your core customer to buy your uncommon offering versus all competitive offerings.

**Own it!** Is the series of imaginative acts that will celebrate your uncommon offering and make it well known to your core customer.



# Understand where you stand

- Traditional SWOT analysis is myopic
- Instead, we use SWT to understand the position of your organization in the context of trends and competitors





# Strengths, Weaknesses, Trends (SWT)

Define your competitive position

**Strategy: Strengths, Weaknesses, Trends (SWT) Worksheet** 

**Trends**  
What are the significant changes in technology, distribution, product innovation, markets, consumer, and social trends around the world that might impact your industry and organization?

**Strengths/Core Competencies**  
What are the inherent strengths of the organization that have been the source of your success?

**Weaknesses**  
What are the inherent weaknesses of the organization that aren't likely to change?

© 2019 Scaling Up. All rights reserved. For more information, please visit [www.scalingup.com](http://www.scalingup.com). © 2019 Scaling Up. All rights reserved.

# IRON MAIDEN

鉄血の戦士

戦術



**“Iron Maiden has our field and that’s what we plow. We can only plow one field at a time; we don’t care what anyone else is doing with their field.”**

**Bruce Dickinson, Singer, Song Writer and longtime lead vocalist of heavy metal band Iron Maiden**

# Brand Promise

Need to ask 3 questions:





# Every client will experience \_\_\_\_\_.

- What does your Core Customer *expect*?
- What does your Core Customer *count on*?
- What does your Core Customer *find unique* about you?





# Are You An Eighteen-Second Manager, or a Strategic Listener?

- <https://www.youtube.com/watch?v=lwB7NAvKPeo>

# Words You Own



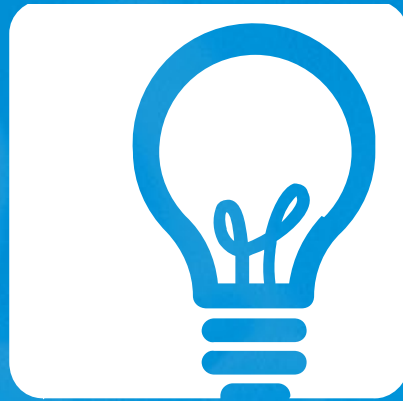


# Words You Own

Words Christenson Transportation owns:

“Where the Truckers Truck”





# Strategy is ongoing.

Develop your plan as your business grows, revisiting it often with your leadership team and an outside coach.



**Strategy: One-Page Strategic Plan (OPSP)** Organization: \_\_\_\_\_

**People (Reputation Drivers)**

Employees: 1. \_\_\_\_\_ 2. \_\_\_\_\_ 3. \_\_\_\_\_

Customers: 1. \_\_\_\_\_ 2. \_\_\_\_\_ 3. \_\_\_\_\_

Stakeholders: 1. \_\_\_\_\_ 2. \_\_\_\_\_ 3. \_\_\_\_\_

CORE VALUES/BELIEFS (Should/Shouldn't)	PURPOSE (Why)	TARGETS (3-5 YRS.) (Where)	GOALS (1 YR.) (What)
		<b>Sandbox</b>	
	<b>Actions</b> <small>To Live Values, Purposes, BHAG</small>	<b>Key Thrusts/Capabilities</b> <small>3-5 Year Thrusts</small>	<b>Key Initiatives</b> <small>1 Year Purposes</small>
	1. _____ 2. _____ 3. _____ 4. _____ 5. _____	1. _____ 2. _____ 3. _____ 4. _____ 5. _____	1. _____ 2. _____ 3. _____ 4. _____ 5. _____
	<b>Profit per X</b>	<b>Brand Promise KPIs</b>	<b>Critical #: People or B/S</b> <div style="display: flex; justify-content: space-around;"> <div style="width: 10px; height: 10px; background-color: green;"></div> <div style="width: 10px; height: 10px; background-color: yellow;"></div> <div style="width: 10px; height: 10px; background-color: red;"></div> </div> <small>Between green &amp; red</small>
	<b>BHAG®</b>	<b>Brand Promises</b>	<b>Critical #:</b> <div style="display: flex; justify-content: space-around;"> <div style="width: 10px; height: 10px; background-color: green;"></div> <div style="width: 10px; height: 10px; background-color: yellow;"></div> <div style="width: 10px; height: 10px; background-color: red;"></div> </div> <small>Between green &amp; red</small>

**Strengths/Core Competencies**

1. \_\_\_\_\_

2. \_\_\_\_\_

3. \_\_\_\_\_

**Weaknesses:**

1. \_\_\_\_\_

2. \_\_\_\_\_

3. \_\_\_\_\_

Your Name: \_\_\_\_\_ Date: \_\_\_\_\_ **SCALING UP**  
A PART OF COMPANY

**Process (Productivity Drivers)**

Make/Buy: 1. \_\_\_\_\_ 2. \_\_\_\_\_ 3. \_\_\_\_\_

Sell: 1. \_\_\_\_\_ 2. \_\_\_\_\_ 3. \_\_\_\_\_

Recordkeeping: 1. \_\_\_\_\_ 2. \_\_\_\_\_ 3. \_\_\_\_\_

ACTIONS (QTR) (How)	THEME (QTR/ANNUAL)	YOUR ACCOUNTABILITY (Who/When)																																																
<table border="1"> <tr><td>Revenues</td><td></td></tr> <tr><td>Profit</td><td></td></tr> <tr><td>Mkt Cap</td><td></td></tr> <tr><td>Gross Margin</td><td></td></tr> <tr><td>Cash</td><td></td></tr> <tr><td>A/R Days</td><td></td></tr> <tr><td>Inv. Days</td><td></td></tr> <tr><td>Rev. / Emp</td><td></td></tr> </table> <p style="text-align: center;"><b>Rocks</b> <small>Quarterly Priorities</small></p> <p>1. _____</p> <p>2. _____</p> <p>3. _____</p> <p>4. _____</p> <p>5. _____</p>	Revenues		Profit		Mkt Cap		Gross Margin		Cash		A/R Days		Inv. Days		Rev. / Emp		<table border="1"> <tr><td>Qtr. Deadline</td><td>Annual Deadline</td></tr> <tr><td>Measurable Target / Critical #</td><td></td></tr> <tr><td colspan="2" style="text-align: center;"><b>Theme Name</b></td></tr> <tr><td colspan="2" style="text-align: center;"><b>Scoreboard Design</b> <small>Describe and sketch out your design in the space.</small></td></tr> </table>	Qtr. Deadline	Annual Deadline	Measurable Target / Critical #		<b>Theme Name</b>		<b>Scoreboard Design</b> <small>Describe and sketch out your design in the space.</small>		<p style="text-align: center;"><b>Your KPIs</b></p> <table border="1"> <tr><td>1</td><td></td><td></td></tr> <tr><td>2</td><td></td><td></td></tr> <tr><td>3</td><td></td><td></td></tr> </table> <p style="text-align: center;"><b>Your Quarterly Priorities</b></p> <table border="1"> <tr><td>1</td><td></td><td></td></tr> <tr><td>2</td><td></td><td></td></tr> <tr><td>3</td><td></td><td></td></tr> <tr><td>4</td><td></td><td></td></tr> <tr><td>5</td><td></td><td></td></tr> </table>	1			2			3			1			2			3			4			5		
Revenues																																																		
Profit																																																		
Mkt Cap																																																		
Gross Margin																																																		
Cash																																																		
A/R Days																																																		
Inv. Days																																																		
Rev. / Emp																																																		
Qtr. Deadline	Annual Deadline																																																	
Measurable Target / Critical #																																																		
<b>Theme Name</b>																																																		
<b>Scoreboard Design</b> <small>Describe and sketch out your design in the space.</small>																																																		
1																																																		
2																																																		
3																																																		
1																																																		
2																																																		
3																																																		
4																																																		
5																																																		
<b>Critical #:</b> People or B/S <div style="display: flex; justify-content: space-around;"> <div style="width: 10px; height: 10px; background-color: green;"></div> <div style="width: 10px; height: 10px; background-color: yellow;"></div> <div style="width: 10px; height: 10px; background-color: red;"></div> </div> <small>Between green &amp; red</small>	<b>Celebration</b>	<b>Critical #:</b> People or B/S <div style="display: flex; justify-content: space-around;"> <div style="width: 10px; height: 10px; background-color: green;"></div> <div style="width: 10px; height: 10px; background-color: yellow;"></div> <div style="width: 10px; height: 10px; background-color: red;"></div> </div> <small>Between green &amp; red</small>																																																
<b>Critical #:</b> Process or FTL <div style="display: flex; justify-content: space-around;"> <div style="width: 10px; height: 10px; background-color: green;"></div> <div style="width: 10px; height: 10px; background-color: yellow;"></div> <div style="width: 10px; height: 10px; background-color: red;"></div> </div> <small>Between green &amp; red</small>	<b>Reward</b>	<b>Critical #:</b> Process or FTL <div style="display: flex; justify-content: space-around;"> <div style="width: 10px; height: 10px; background-color: green;"></div> <div style="width: 10px; height: 10px; background-color: yellow;"></div> <div style="width: 10px; height: 10px; background-color: red;"></div> </div> <small>Between green &amp; red</small>																																																

**Trends**

1. \_\_\_\_\_

2. \_\_\_\_\_

3. \_\_\_\_\_

4. \_\_\_\_\_

5. \_\_\_\_\_

6. \_\_\_\_\_



# Execution Decisions



## Key Question:

Are all processes running without drama and driving industry-leading profitability?

# Rockefeller Habits Checklist

Proven rituals to improve performance

## Execution: Rockefeller Habits Checklist™

SCALING UP  
A SCALEUP COMPANY

- The executive team is healthy and aligned.**
  - Team members understand each other's differences, priorities, and styles.
  - The team meets frequently (weekly is best) for strategic thinking.
  - The team participates in ongoing executive education (highly recommended).
  - The team is able to engage in constructive debates and all members feel comfortable participating.
- Everyone is aligned with the #1 thing that needs to be accomplished this quarter to move the company forward.**
  - The Critical Number is identified to move the company ahead this quarter.
  - 3-5 Priorities (tasks) that support the Critical Number are identified and ranked for the quarter.
  - A Quarterly Theme and Celebration/Reward are announced to all employees making the Critical Number to life.
  - Quarterly Theme/Critical Number posted throughout the company and employees are aware of the progress each week.
- Communication rhythm is established and information moves through organization accurately and quickly.**
  - All employees are in a daily huddle that lasts less than 15 minutes.
  - All teams have a weekly meeting.
  - The executive and middle managers meet for a day of learning, resolving big issues, and DNA transfer each month.
  - Quarterly and annually, the executive and middle managers meet offline to work on the 4 Decisions.
- Every facet of the organization has a person assigned with accountability for ensuring goals are met.**
  - The Function Accountability Chart (FAC) is completed (right groups doing the right things, right).
  - Financial statements have a person assigned to each line item.
  - Each of the 4-9 processes on the Process Accountability Chart (PAC) has someone that is accountable for them.
  - Each 3-5 year Key Thrust/Goal has a corresponding expert on the Advisory Board. If internal expertise doesn't exist.
- Ongoing employee input is collected to identify obstacles and opportunities.**
  - All executives (and middle managers) have a Start/Stop/Keep conversation with at least one employee weekly.
  - The insights from employee conversations are shared at the weekly executive team meeting.
  - Employees that obstacles and opportunities is being collected weekly.
  - A mid-management team is responsible for the process of closing the loop on all obstacles and opportunities.
- Reporting and analysis of customer feedback data is as frequent and accurate as financial data.**
  - All executives (and middle managers) have a 70 conversation with at least one customer weekly.
  - The insights from customer conversations are shared at the weekly executive team meeting.
  - All employees are involved in collecting customer data.
  - A mid-management team is responsible for the process of closing the loop on all customer feedback.
- Core Values and Purpose are "alive" in the organization.**
  - Core Values are discovered, Purpose is articulated, and both are known by all employees.
  - All executives and middle managers refer back to the Core Values and Purpose when giving praise or reprimands.
  - HR processes and activities align with the Core Values and Purpose (hiring, orientation, appraisal, recognition, etc.).
  - Actions are identified and implemented each quarter to strengthen the Core Values and Purpose in the organization.
- Employees can articulate the following key components of the company's strategy accurately.**
  - Big hairy Audacious Goal (BHAG) - Progress is tracked, and visible.
  - Core Customer(s) - Their profile in 25 words or less.
  - 3 Brand Promises - And the corresponding Brand Promise KPIs reported on weekly.
  - Elevator Pitch - A compelling response to the question "What does your company do?"
- All employees can answer quantitatively whether they had a good day or week (Column 7 of the One-Page Strategic Plan).**
  - 1 or 2 Key Performance Indicators (KPIs) are reported on weekly for each role/person.
  - Each employee has 1 Critical Number that aligns with the company's Critical Number for the quarter (clear line of sight).
  - Each individual/team has 3-5 Quarterly Priorities/Tasks that align with those of the company.
  - All executives and middle managers have a coach (or peer coach) holding them accountable to behavior changes.
- The company's plans and performance are visible to everyone.**
  - A "situation room" is established for weekly meetings (physical or virtual).
  - Core Values, Purpose and Priorities are posted throughout the company.
  - Scoreboards are up everywhere displaying current progress on KPIs and Critical Numbers.
  - There is a system in place for tracking and managing the cascading Priorities and KPIs.

© 2019 Scaling Up Company. All rights reserved. For more information, please go to [www.scalingup.com](http://www.scalingup.com)

© 2019 Scaling Up Company. All rights reserved.



SCALING UP  
CERTIFIED COACH





# Priorities

## Data & Metrics

## Meeting Rhythms

---



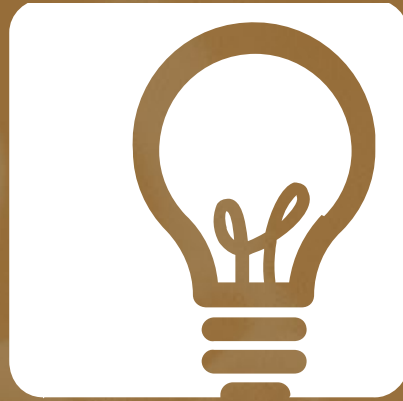
# Priorities

Healthy teams must be able to face brutal facts to define what is collectively important.



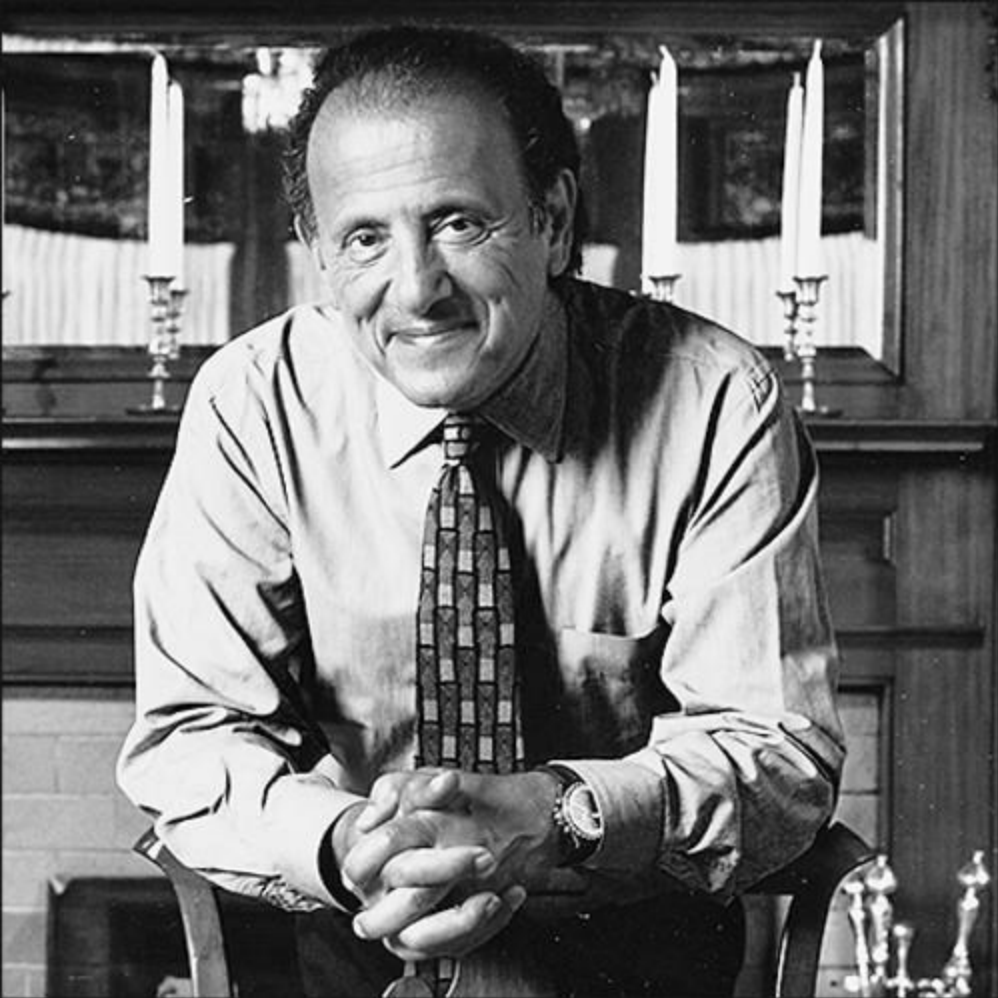
**SCALING UP**  
CERTIFIED COACH





# The main thing is to keep the main thing the main thing.

Stephen R. Covey, The 7 Habits of Highly Effective People

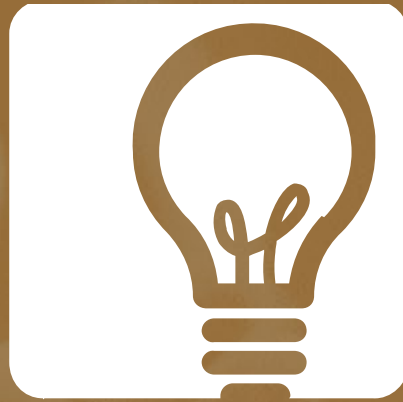


“You can’t sit on 2  
toilets”

George Naddaff

**SCALING UP**  
CERTIFIED COACH





**One of the simplest ways to win is to always connect the small things you do to the larger thing you hope to accomplish.**

**Five minutes can be spent working on something trivial or working on something life-changing. A brief session of work oriented toward a great cause is always time well spent.**

**Most daily actions evaporate. Some accumulate**

**James Clear, Atomic Habits:**











# Will doing \_\_\_\_\_ help our priority?

- Accept that we can't (and shouldn't) get everything done
- Dedicate energy only to the highest-impact tasks



# Execution+: Individual 13-Week Race


Your Name: \_\_\_\_\_

Your KPIs		Goal	Your Quarterly Priorities		Due
1	# Landing Pages Live	8	<b>Critical #:</b>    <i>Between green &amp; red</i> 	1	
2	# Unique Blog Visits per Week	90K		2	
3				3	
			<b>Critical #:</b>    <i>Between green &amp; red</i> 	4	
				5	

Week	The observable result I will deliver by end of week is...	Happened	Didn't Happen
1	Rebuild and publish homepage	✘	☐
2	Wireframe first 4 landing pages	☐	✘
3		☐	☐

# Develop Period Theme

Encourage prioritization by defining a clear theme for each planning period.

**Execution+:** Develop Period Theme


**Review the Priorities for the upcoming Period.** Think about what outcomes would be considered a success at the end of the Period. "Brainstorm" 5+ Themes that would drive one or more of the top 2 priorities to success.

**Evaluate Theme Ideas.**

YES	NO	
<input type="checkbox"/>	<input type="checkbox"/>	Is the Theme clearly connected to the Priority?
<input type="checkbox"/>	<input type="checkbox"/>	Will the Theme "wow" most of all employees' minds?
<input type="checkbox"/>	<input type="checkbox"/>	Can everyone participate in the Theme?
<input type="checkbox"/>	<input type="checkbox"/>	Is the Theme memorable, fun, and/or inspiring?
<input type="checkbox"/>	<input type="checkbox"/>	Does the Theme have an emotional connection?
<input type="checkbox"/>	<input type="checkbox"/>	Will the Theme and its authors drive success?

**Define success for the Period.**

**Theme Leader** (Team Name) Team who will review last period's Theme and develop this Theme.

**Period** (Roll-out Date)

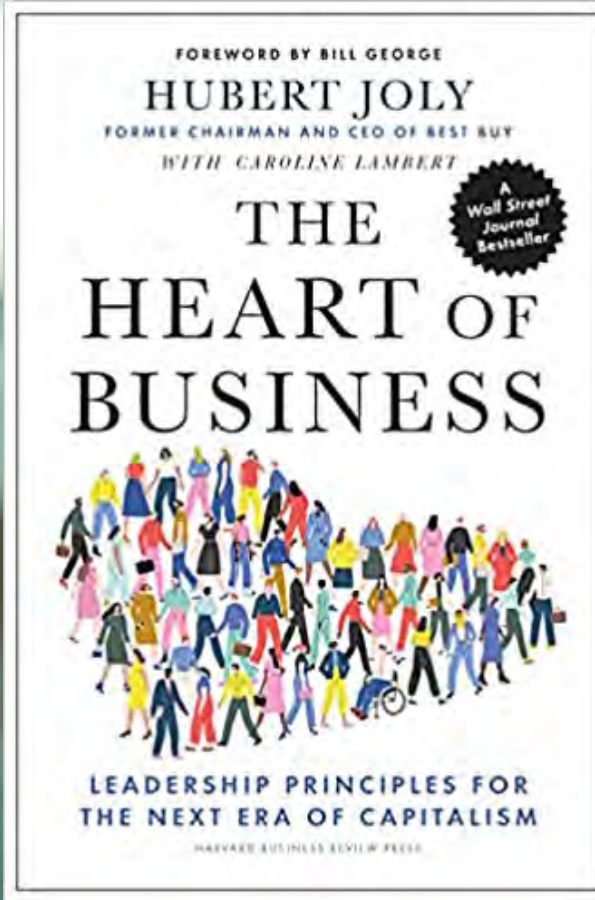
**Theme Description** Define the organization-wide mission.

**Theme Visual** Illustrate the theme.

**Define Theme Reward** How will we celebrate the successful execution of the Theme?

Additional tools & forms to enhance your execution & accountability with a manager to get help implementing these tools, please go to [www.scalingup.com](http://www.scalingup.com) ©2019 Copyright ©2019 by Scaling Up Coaches





# Hubert Joly

“You don’t have a strategy unless you name it.”



# Data & Metrics

Gamify productivity by measuring results on a scoreboard.



**SCALING UP**  
CERTIFIED COACH



# Key Performance Indicators

- Not all data is important
- Some data measures outputs (“lagging”) while other data measures inputs (“leading”)
- Lagging indicators can only be controlled indirectly and aren’t great KPIs

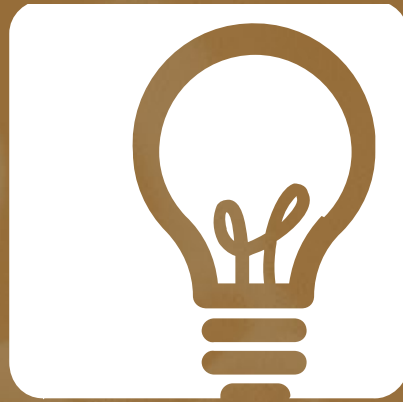




# What KPI correlates to *your* success?

- Identify leading KPIs
- Perform a basic analysis and review which leading KPIs correlate with results
- Stay critical of “industry metrics”





# Gamify your metrics.

Motivate your team when you define a finish line, a scoreboard, and a stake in the outcome.



# Scoreboards keep goals top-of-mind with:

- Defined finish line
- Easy-to-update metrics
- Cumulative sense of progress
- Hard-to-miss location that is easy for stakeholders to view

## Persons of Interest



**Jane Doe**  
Marketing Director



Risky

**38%**



see their profile →



**Sam Wallace**  
Chief Financial Officer



On Target

**78%**



see their profile →

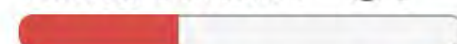


**Frank Jones**  
Financial Analyst



Behind Schedule

**37%**



see their profile →

**Manage Persons of Interest**

Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7
6123	6050	6058	6210	6500	5900	6210
345	340	320	499	345	370	499
199	200	140	240	231	219	280
455	450	460	472	462	469	469

Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7
6123	6050	6058	6210	6500	5900	6210
345	340	320	499	345	370	499
199	200	140	240	231	219	280
455	450	460	472	462	469	469
± 52,455	± 59,330	± 59,450	± 50,010	± 49,340	± 48,340	± 59,330

# Scoreboards can be simple

- Effective Scoreboards can be created with software, Excel, or pieces of paper
- Leverage colors to make data easily understood

# Meeting Rhythms

Build regular recurring meeting schedules that improve communication.



**SCALING UP**  
CERTIFIED COACH

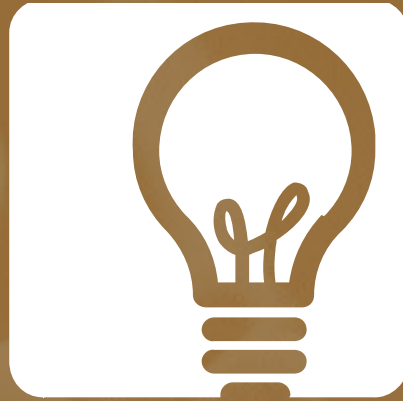


# Block time for communication.

- **Daily** “Tactical” / 5-15 min
- **Weekly** “Priorities” / 60-90 min
- **Monthly** “Big Issues” / 4-8 hours
- **Quarterly** “Strategy” / 1-2 days







# Routine sets you free.

Define the agendas and meeting durations that will suit your team structure. Then, stick with them.



# Define a recurring agenda.

- Customize agendas to the needs of your organization
- Distribute agenda in advance and stick to them – routine is essential
- Encourage offline conversations for topics that don't require the group's time



"Action is hope. At the end of each day, when you've done your work, you lie there and think, Well, I'll be damned, I did this today. It doesn't matter how good it is, or how bad—you did it. At the end of the week, you'll have a certain amount of accumulation. At the end of a year, you look back and say, I'll be damned, it's been a good year."

Author and screenwriter **Ray Bradbury** on the power of cumulative action:



"Just start.  
Start slow if you have to. Start small if  
you have to. Start privately if you have to.  
Just start."

James Clear, Atomic Habits



# Cash Decisions



## Key Question:

Do you have consistent sources of cash, ideally generated internally, to fuel the growth of your business?



# Fact: Cash is King

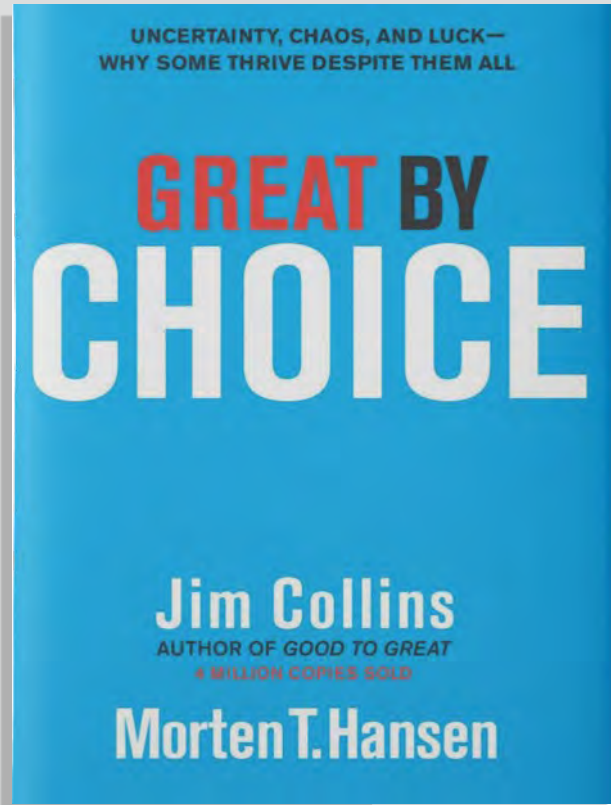
- Revenue is Vanity
- Profit is Sanity - *an opinion*
- Cash is King - *a fact*
- Can't pay bills with profits
- Assets are what you own
- Liabilities are what you owe
- Equity is your book value

# Cash Reserves give you flexibility

Larger cash reserves than your competitors enable you to take advantage of “lucky” moments







# Return on Luck

## Great by Choice

Jim Collins & Morten Hansen



# Cash Levers

Learn how to find (and adjust) variables that impact cash in your financial statement.



**SCALING UP**  
CERTIFIED COACH



# What affects Cash?

- Price
- Volume
- Cost of Goods/Sales
- Accounts Receivable (A/R)
- Accounts Payable (A/P)
- Inventory (Turns)
- Overhead Expense

Sales		\$100,000
Cost of goods sold		<u>75,000</u>
Gross profit		<u>25,000</u>
Operating expenses		
Selling expenses		
Advertising expense	2,000	
Commissions expense	<u>5,000</u>	7,000
Administrative expenses		
Office supplies expense	3,500	
Office equipment expense	<u>2,500</u>	6,000
Total operating expenses		<u>13,000</u>
Operating income		<u>12,000</u>
Non-Operating or other		
Interest revenues		5,000
Gain on sale of investments		3,000
Interest expense		(500)
Loss from lawsuit		<u>(1,500)</u>
Total non-operating		<u>6,000</u>
Net Income		<u><u>\$ 18,000</u></u>



# ...and *how* will changes affect Cash?

- Few variables will change in isolation
- Financial forecasts evaluate the net results of any change
- We use Scaling Up Cash software powered by CashFlowStory

# Power of One (Many Mickles Make a Muckle)

Small changes can create massive  
impact on Cash.



**SCALING UP**  
CERTIFIED COACH







**1+1+1=19%**

Let's learn how a small change can make a big difference.

# 1+1+1=19%

- 1% increase in Sales
- 1% decrease in COGS
- 1% decrease Op Expenses
- 19% increase in Profit and Cash

Sales            \$10M +1%    = \$100K

COGS            \$5M    -1%    = \$50K


G&A             \$4M    -1%    = \$40K

---

Net Income    \$1M    +19%   = \$190K

# The Power of One

Define and measure the net impact of changes on Cash.

**Cash: The Power of One**


---

**Your Power of One**
**Net Cash Flow \$**
**EBIT \$**

---

Your Current Position

**Your Power of One**
**Change You Would Like to Make**
**Annual Impact on Cash Flow \$**
**Impact on EBIT \$**

---

Price Increase %	%		
Volume Increase %	%		
COGS Reduction %	%		
Overheads Reduction %	%		
Reduction in Debtors Days	day(s)		
Reduction in Stock Days	day(s)		
Increase in Creditors Days	day(s)		

---

**Your Power of One Impact**

---

**Your Power of One**
**Net Cash Flow \$**
**EBIT \$**

---

Your **Adjusted** Position

© 2011 SCALING UP CONSULTING
© 2011 SCALING UP CONSULTING

# Pricing Strategy

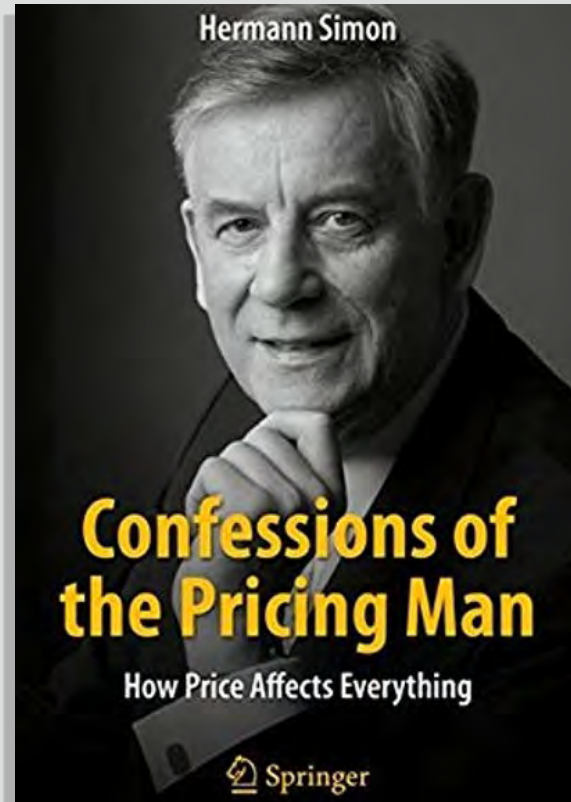
Is your goal to maximize sales or drive profits?



**SCALING UP**  
CERTIFIED COACH



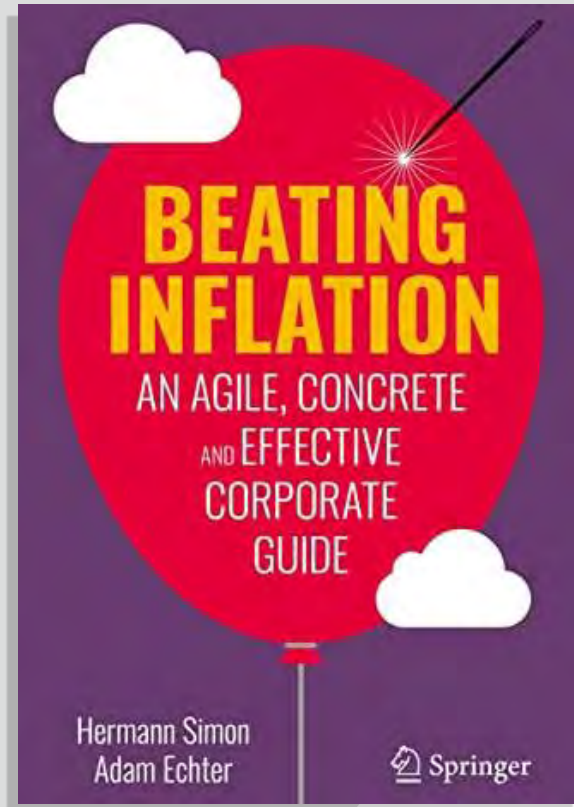




**Confessions  
of the Pricing Man**  
Hermann Simon

**“Growing through price is typically better than growing through volume alone.”**

*Hermann Simon*



**Beating Inflation: An Agile, Concrete and Effective Corporate Guide**

Hermann Simon and Adam Echter

## What To Do:

- Create Awareness
- Restructure Pricing Models
- Upgrade the Sales Force
- Make Use of Digitalization
- Prioritize Finance
- Reduce Costs



# High Stakes Negotiations-Framing

- To have client move off status quo, frame the negative using words that like:
  - Risk
  - Cost
  - Competitor Threat
  - Competitor Pressure
  - Urgent



# High Stakes Negotiations-Framing

- To have client maintain status quo, frame the positives using words that like:
  - Benefit
  - Advantage
  - Increase
  - Enhance
  - Improve
  - Help
  - Savings
  - Value

*Dr Victoria Medvec, Professor at Kellogg School at Northwestern University*



# Presenter

---



**Tim Almack**

Managing Member  
95 to 88, LLC  
talmack@95to88.com



# Trucking Owners & Leaders Roundtable

## Networking Lunch

---



# Thanks to Our Sponsors!

## The Fleet Leader Sponsors



## The Long Haul Sponsors



## The Road Warrior Sponsor



## Attendee Sponsors





# Trucking Owners & Leaders Roundtable

## The Hangover Part IV - What's Next for Freight Following the Greatest Freight Market in Decades?

**Jack Atkins**

Managing Director, Stephens Inc.







Source: Stephens Inc.

## Overview of Stephens

- Founded in 1933, Stephens Inc. is a privately-held financial services firm headquartered in Little Rock, Arkansas, with offices across the country.
- Stephens operates in a variety of business divisions that include investment banking, equity research, institutional sales and trading, public finance and wealth management.

## Equity Research

- Stephens currently employs 23 research teams covering 400+ publicly traded companies across a variety of industries.
- We regularly publish research reports on these stocks/industries and make investment recommendations to our clients.
- In the Transportation sector we cover 42 stocks as a team.

# Stock Coverage Universe

**Jack Atkins**  
**Managing Director**  
**& Sr. Analyst**

Airfreight & Surface Transportation

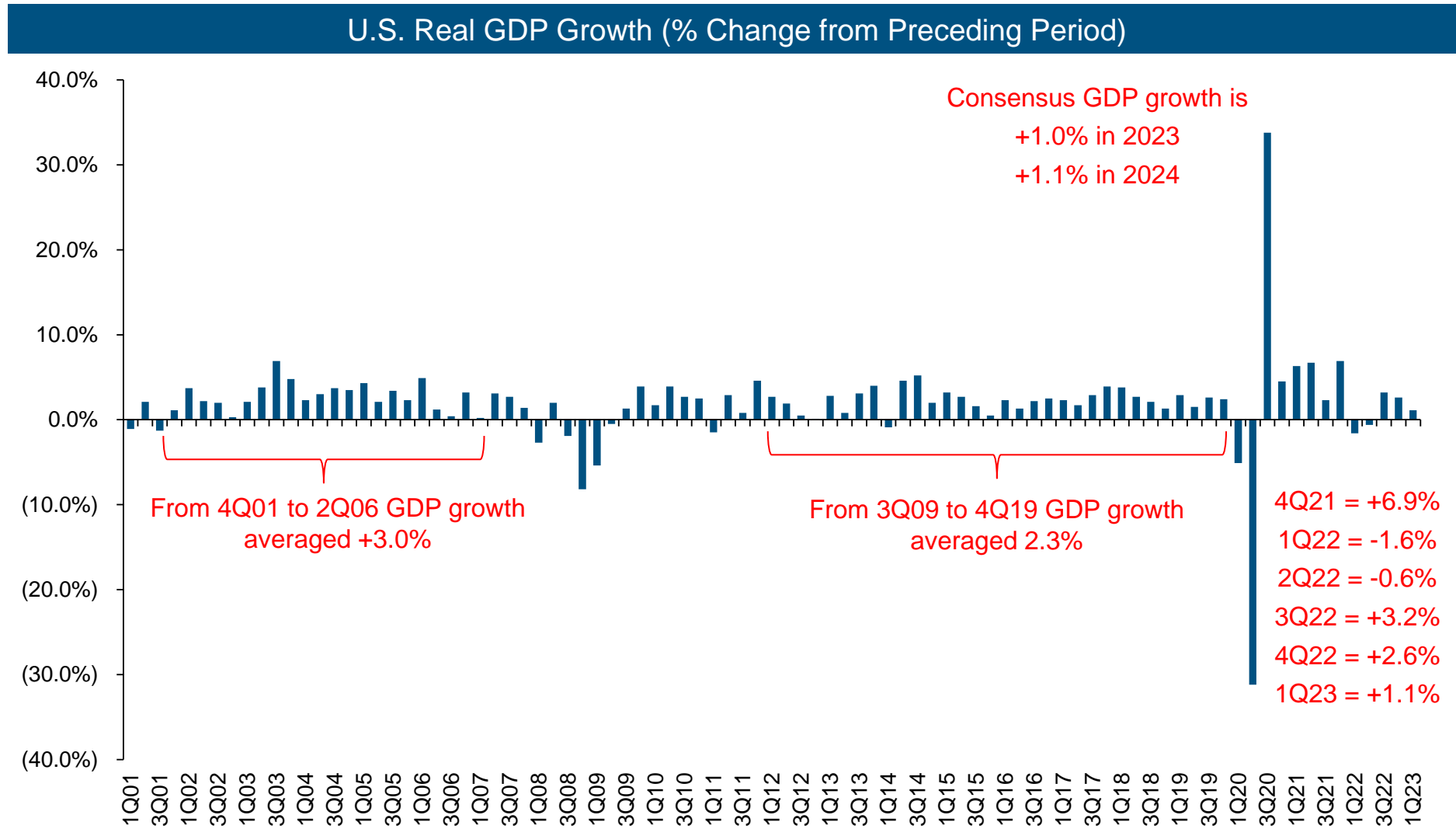
Company Name	Ticker	Company Name	Ticker
ArcBest Corporation	ARCB	Matson Inc.	MATX
Air Transport Services Group Inc.	ATSG	Old Dominion Freight Line	ODFL
C.H. Robinson Worldwide Inc.	CHRW	P.A.M. Transportation Services, Inc.	PTSI
Covenant Transportation Group	CVLG	RXO, Inc.	RXO
Expeditors Int'l of Washington Inc.	EXPD	Saia, Inc.	SAIA
FedEx Corp.	FDX	Schneider National	SNDR
Forward Air Corp.	FWRD	TFI International	TFII
Heartland Express	HTLD	U.S. Xpress	USX
J.B. Hunt Transport Services	JBHT	United Parcel Service	UPS
Kirby Corp.	KEX	Werner Enterprises	WERN
Knight-Swift Transportation	KNX	XPO Inc.	XPO
Landstar System Inc.	LSTR	Yellow Corporation	YELL
Marten Transport	MRTN		

# Outline of Today's Discussion

---

- 1 Macro Economic Drivers We Track**
- 2 Current Dynamics In The Freight Markets**
- 3 Potential Risks & Catalysts For The Freight Market In 2023**
- 4 Long-Term Secular Topics We Are Focused On**

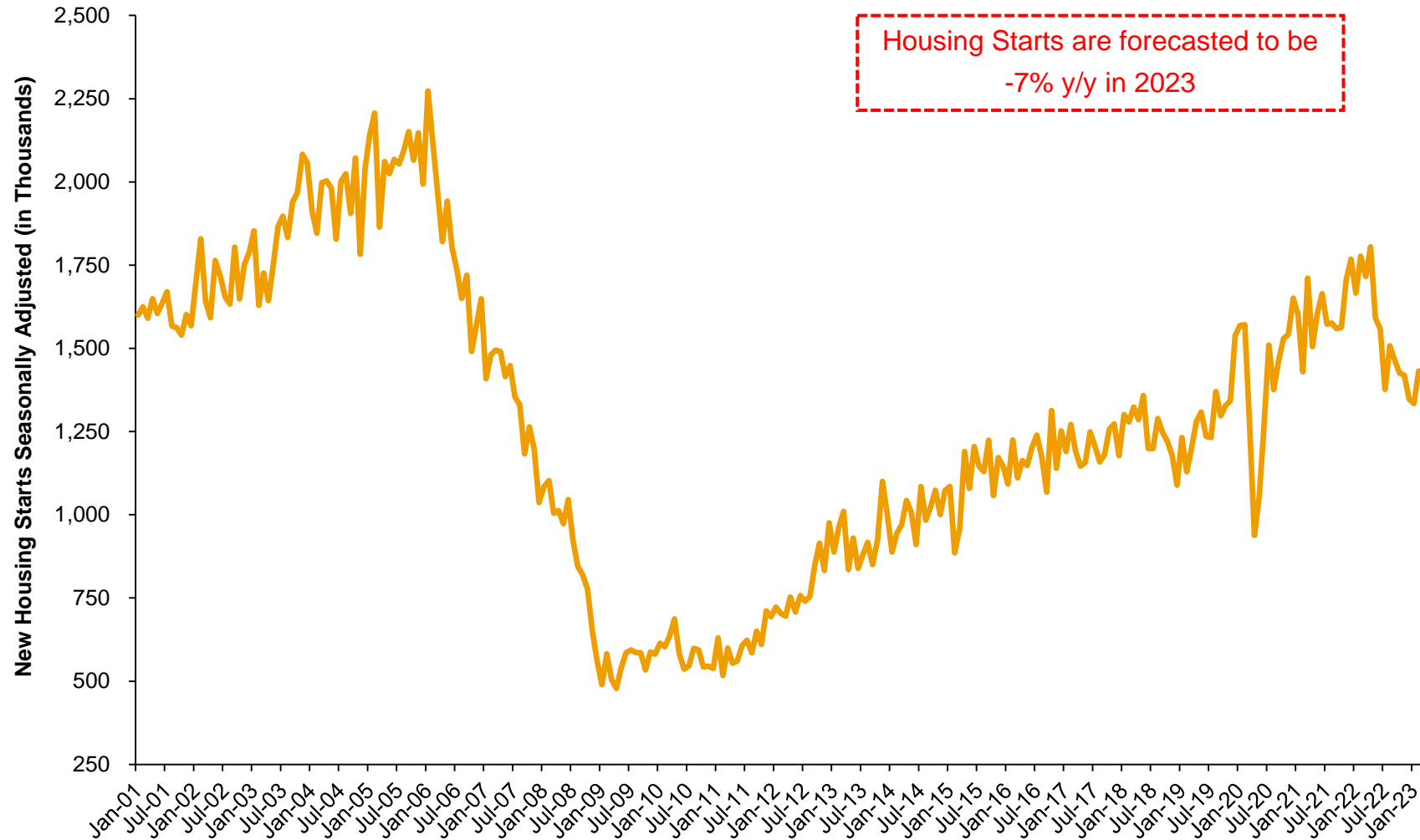
# Demand Metrics – Gross Domestic Product





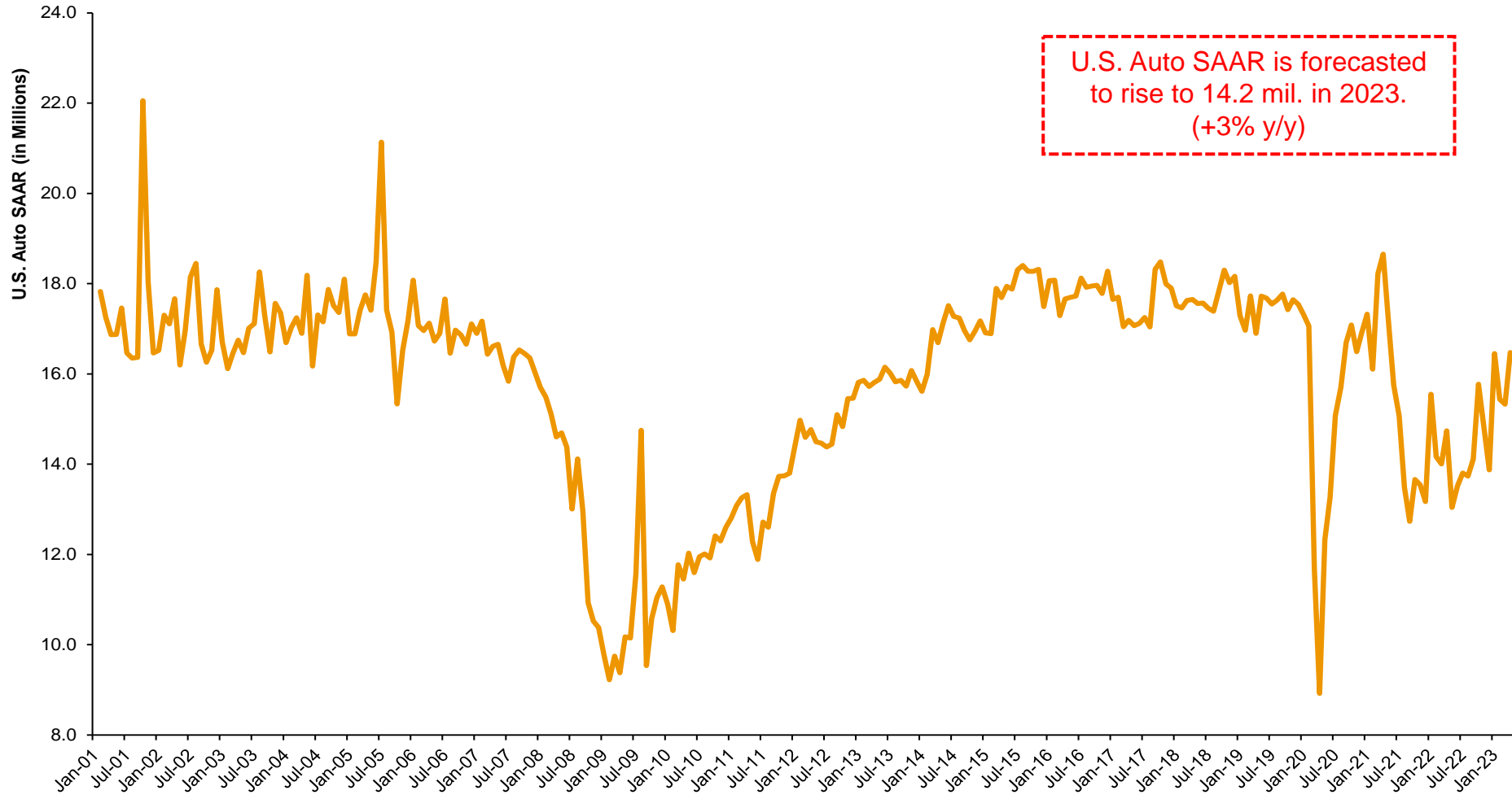
# Demand Dynamics – Housing Starts

## U.S. Housing Starts Since 2001



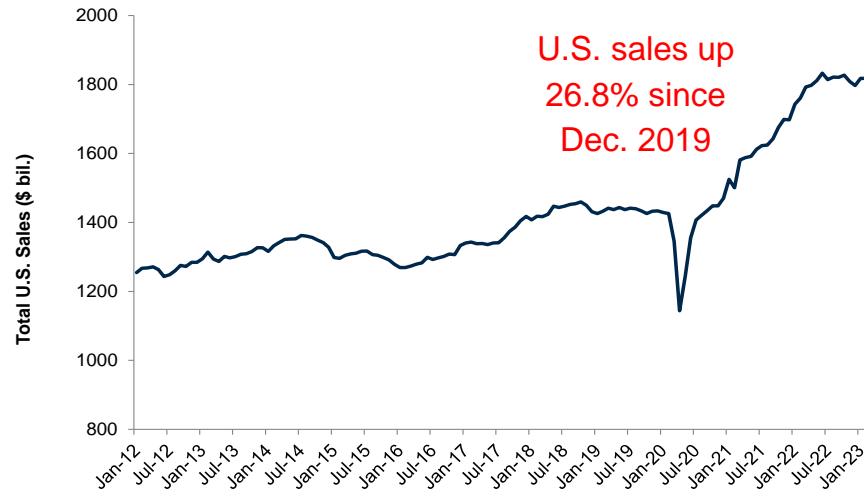
# Demand Dynamics – Auto SAAR

## U.S. Auto SAAR Since 2001

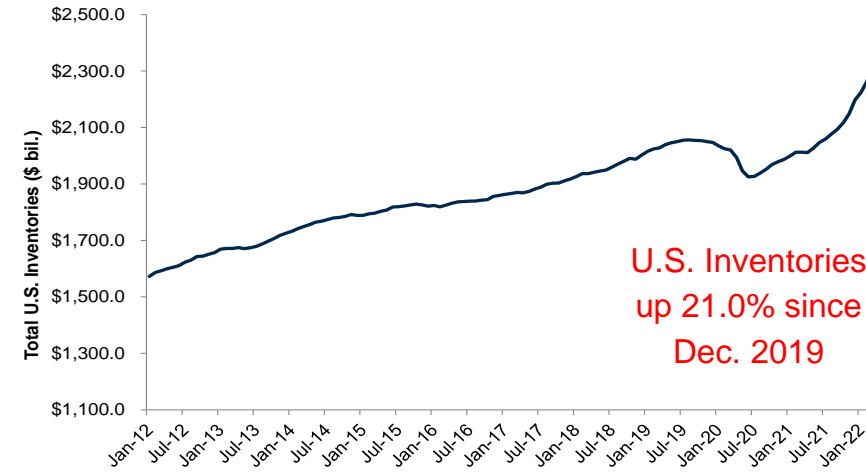


# Demand Dynamics – Inventory-to-Sales Ratio

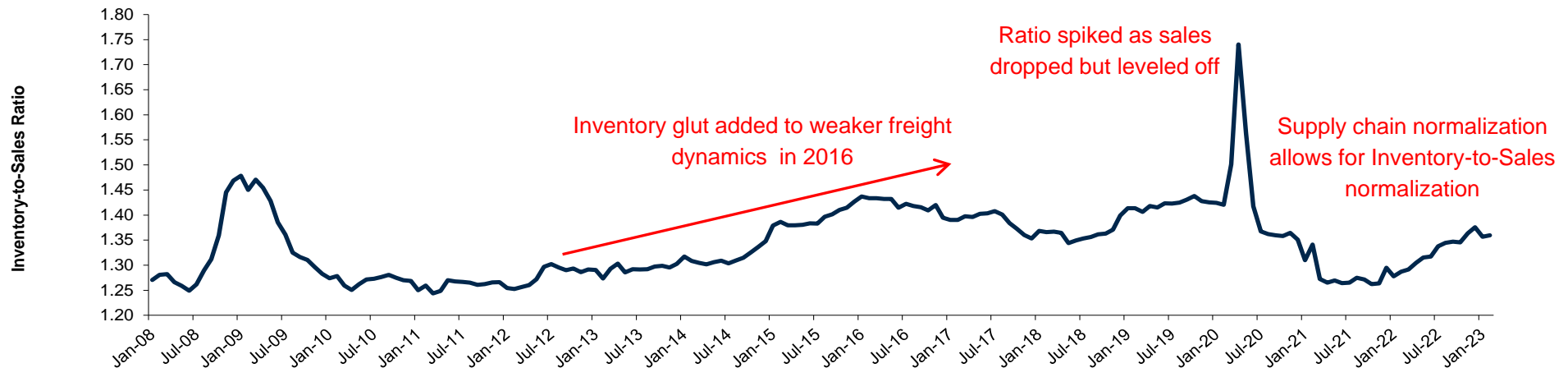
## U.S. Total Sales



## U.S. Total Inventories



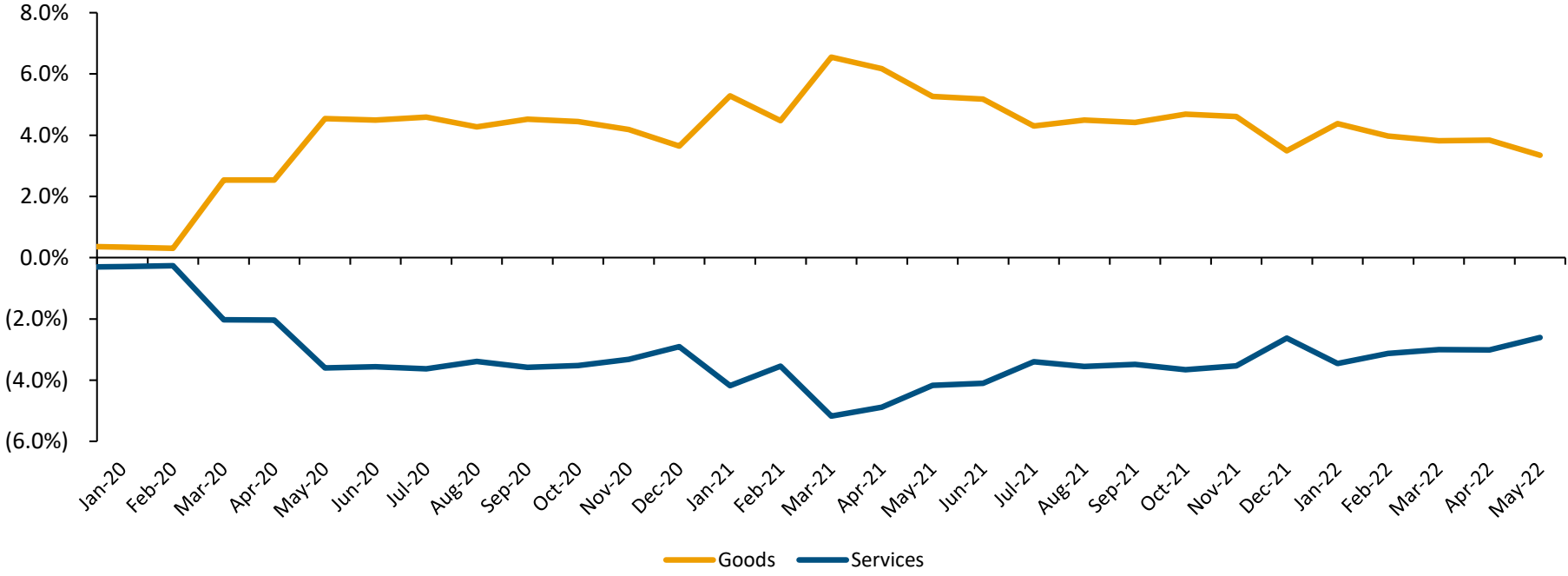
## Total Business Inventories-to-Sales Ratio



# Demand Dynamics – Goods vs. Services

## Goods and Services as a % of PCE

Goods are 39.0% vs. 2018-2019 average of 35.8%  
Services are 61.9% vs. 2018-2019 average of 64.5%

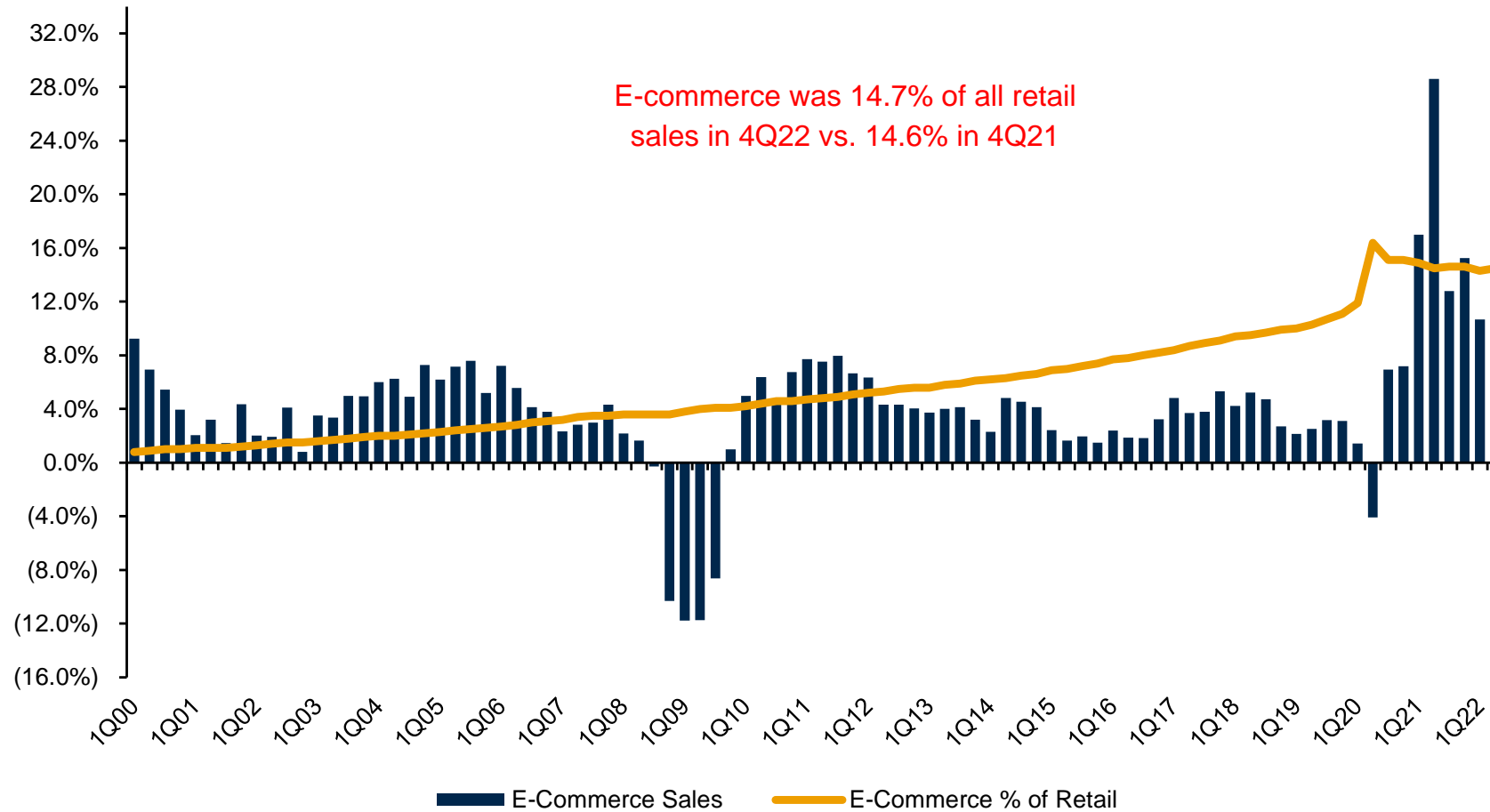


Source: Bureau of Economic Analysis and Stephens Inc.



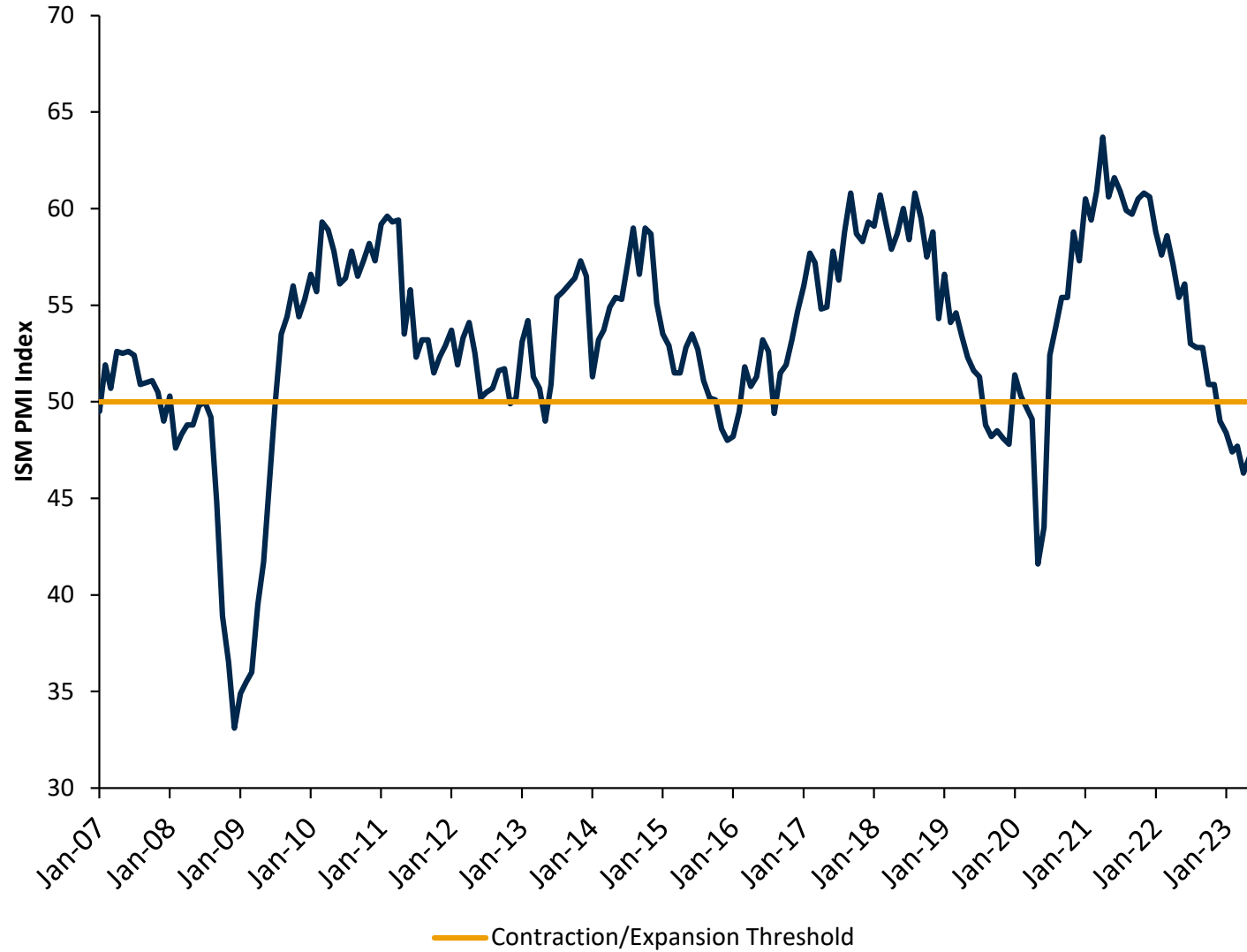
# Demand Dynamics – E-Commerce Penetration Returns To Trend

## E-Commerce Penetration Just Getting Started...

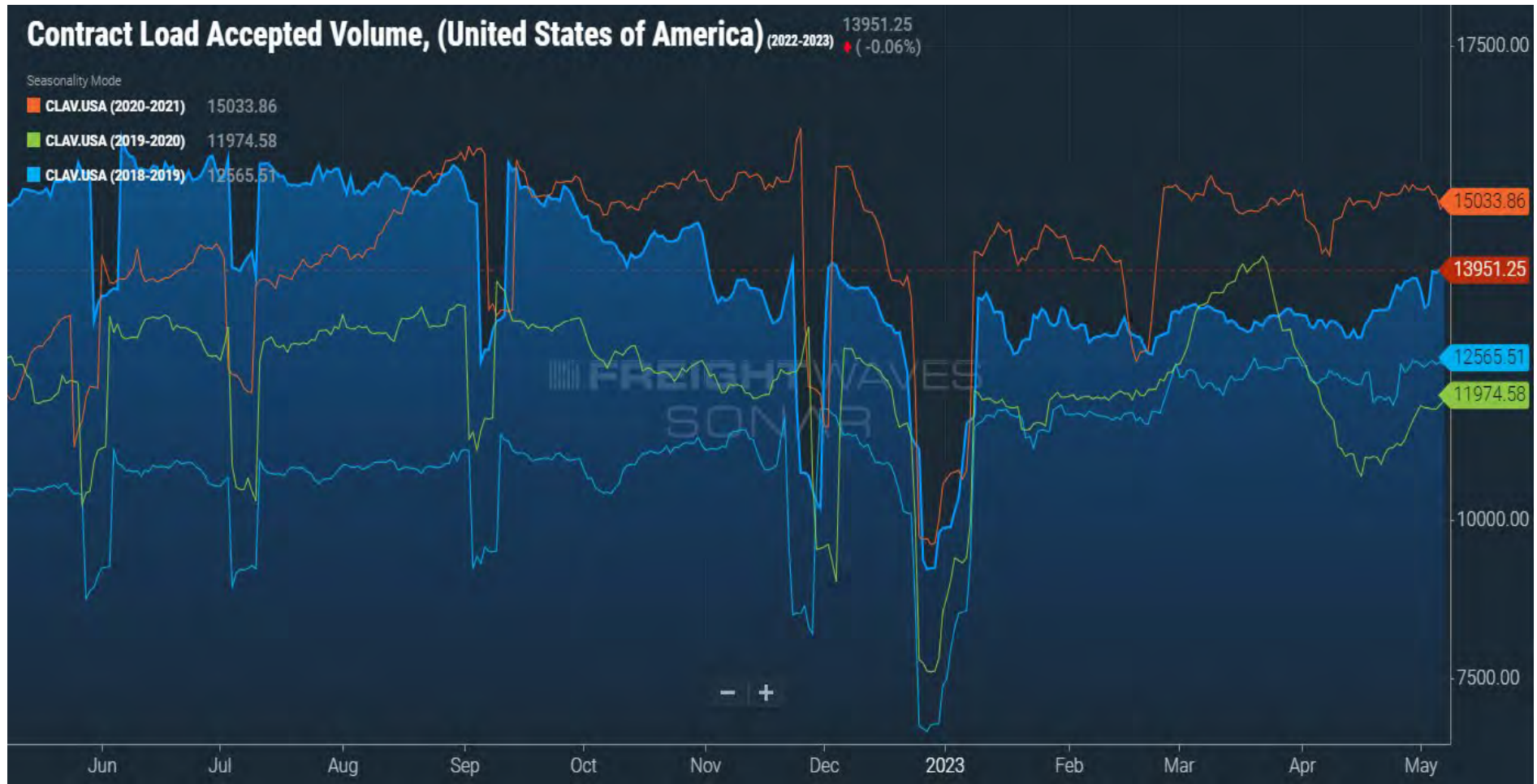


# Demand Dynamics – Industrial Economy In Contraction

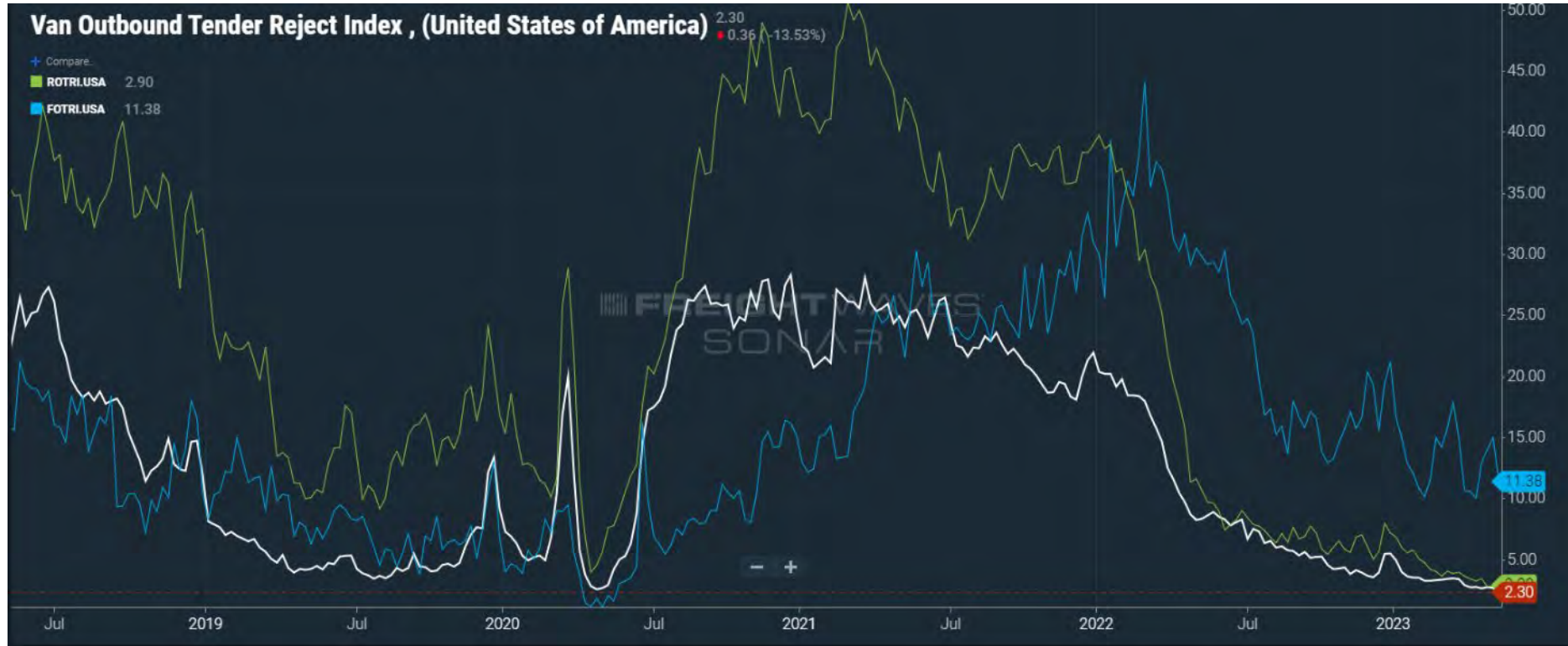
## Institute of Supply Management PMI Index



# Demand Dynamics – What Seasonality?



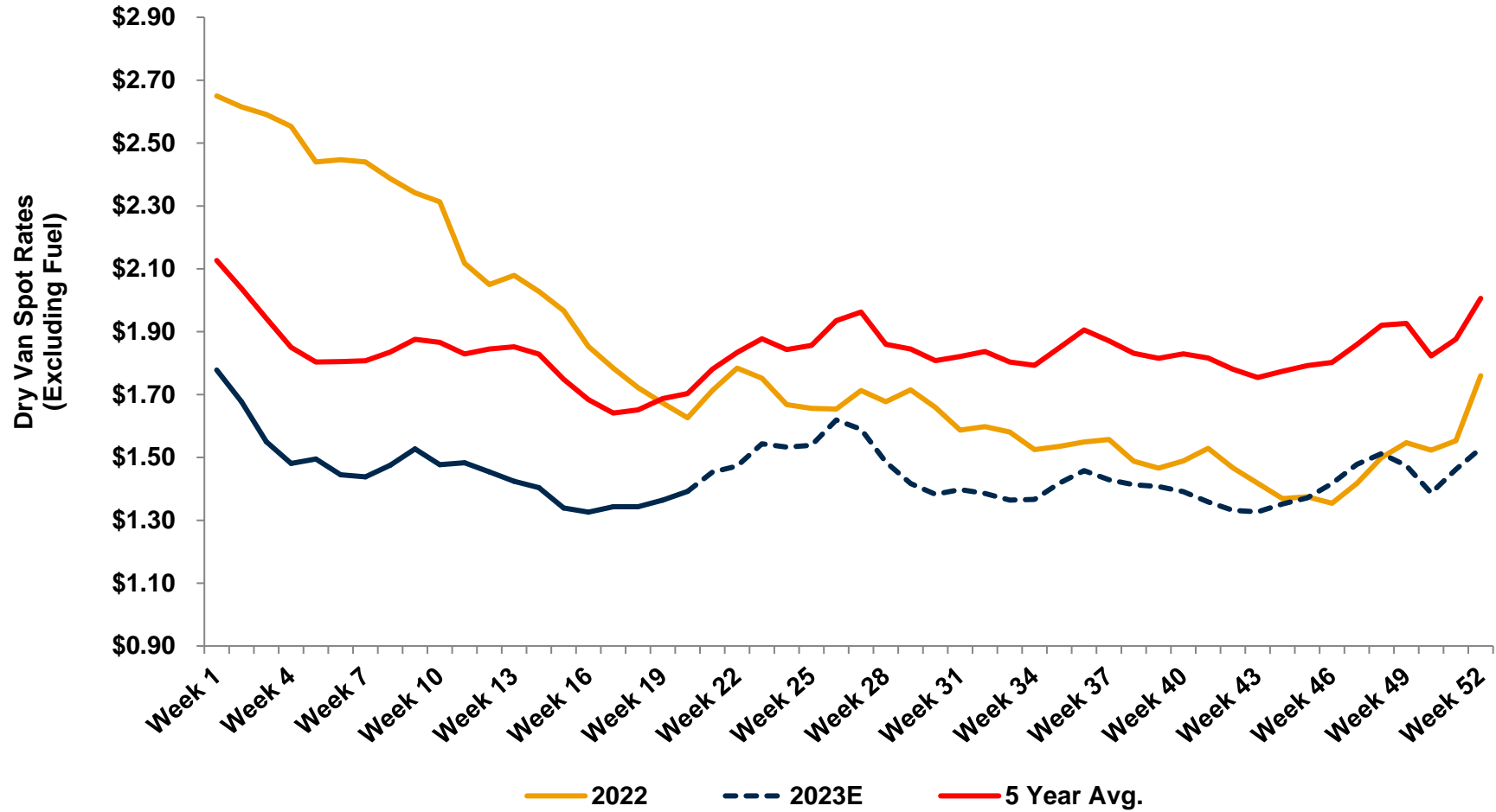
# Demand Dynamics – Supply Outstripping Demand



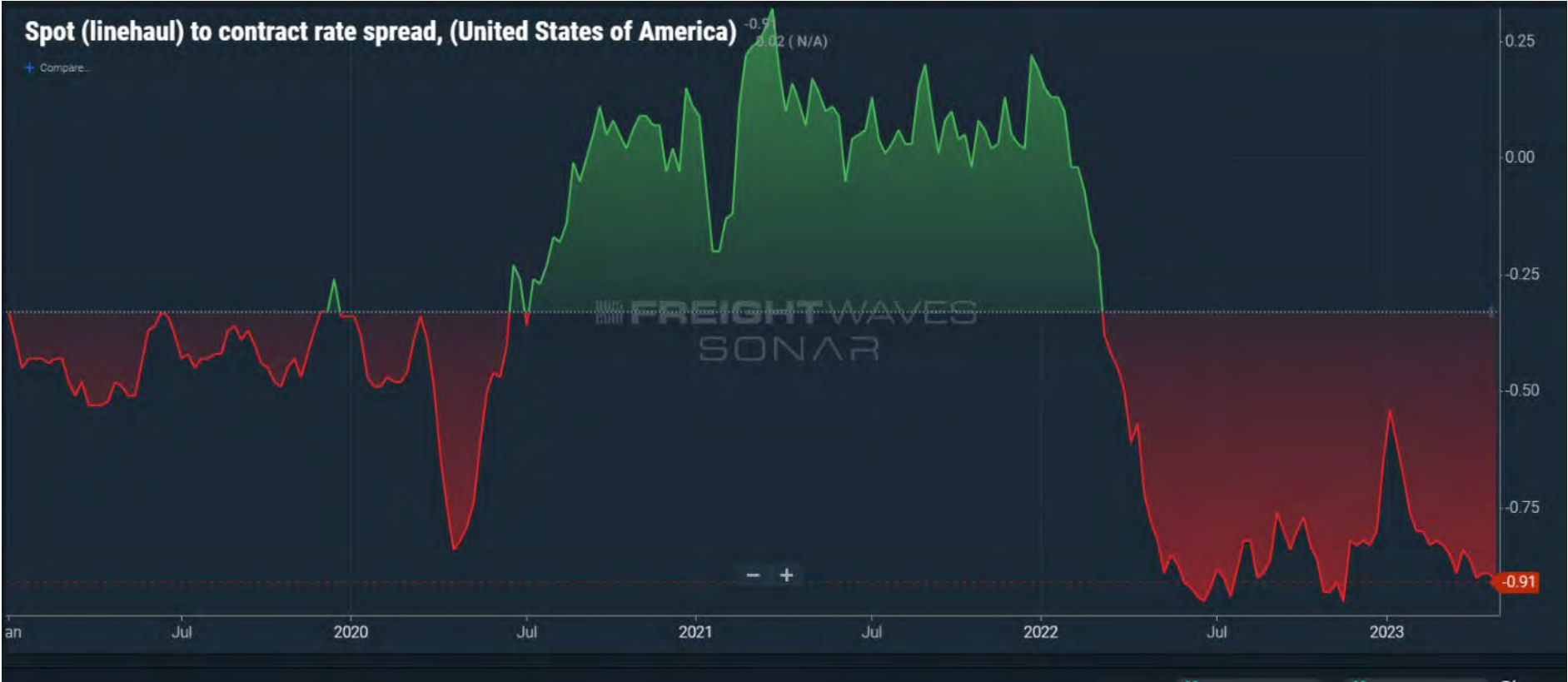


# Supply / Demand Dynamics – Spot Rates

## Dry Van Spot Rates (ex. FSC)

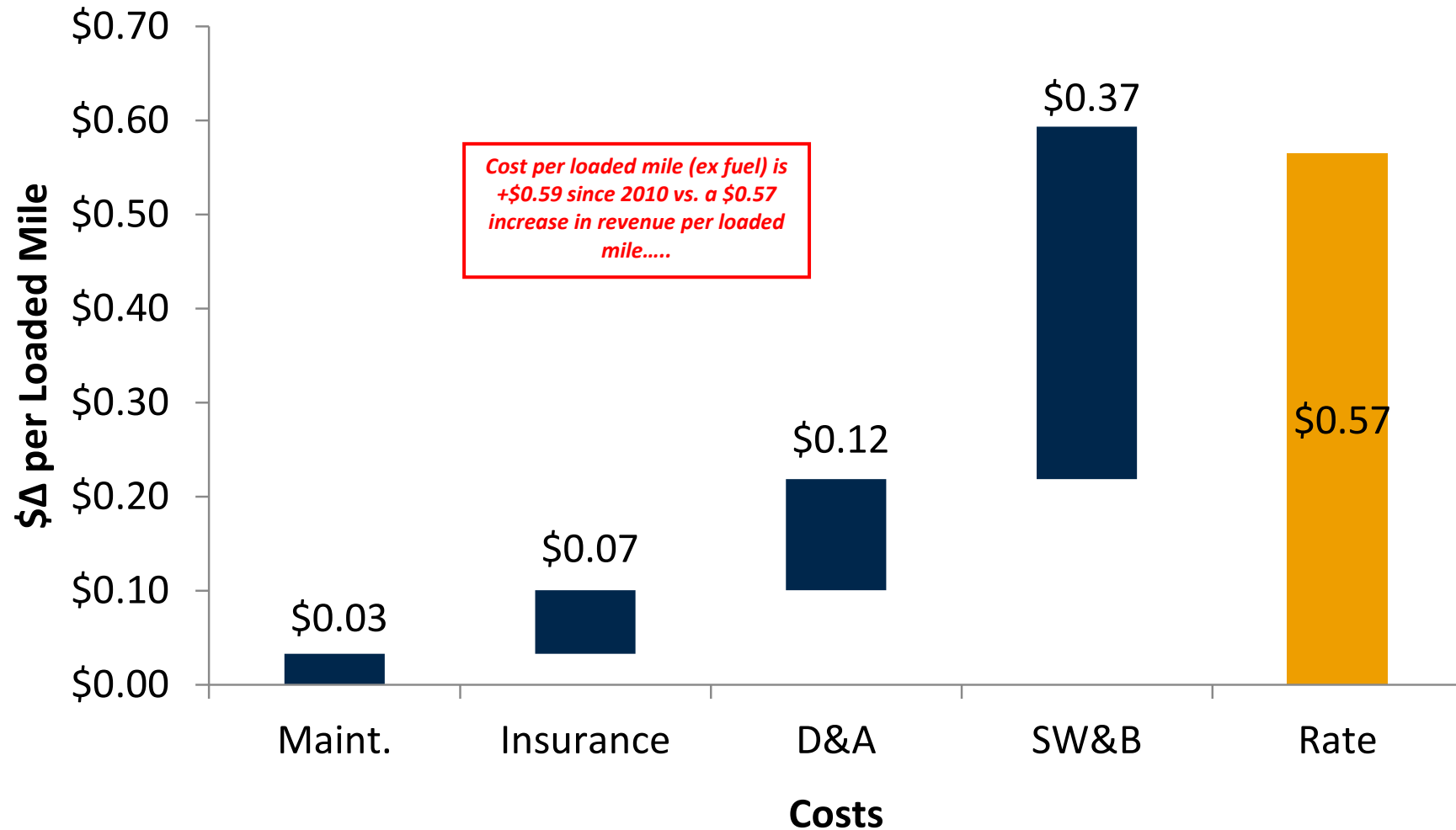


# Contract Rates Remain Well Above Spot

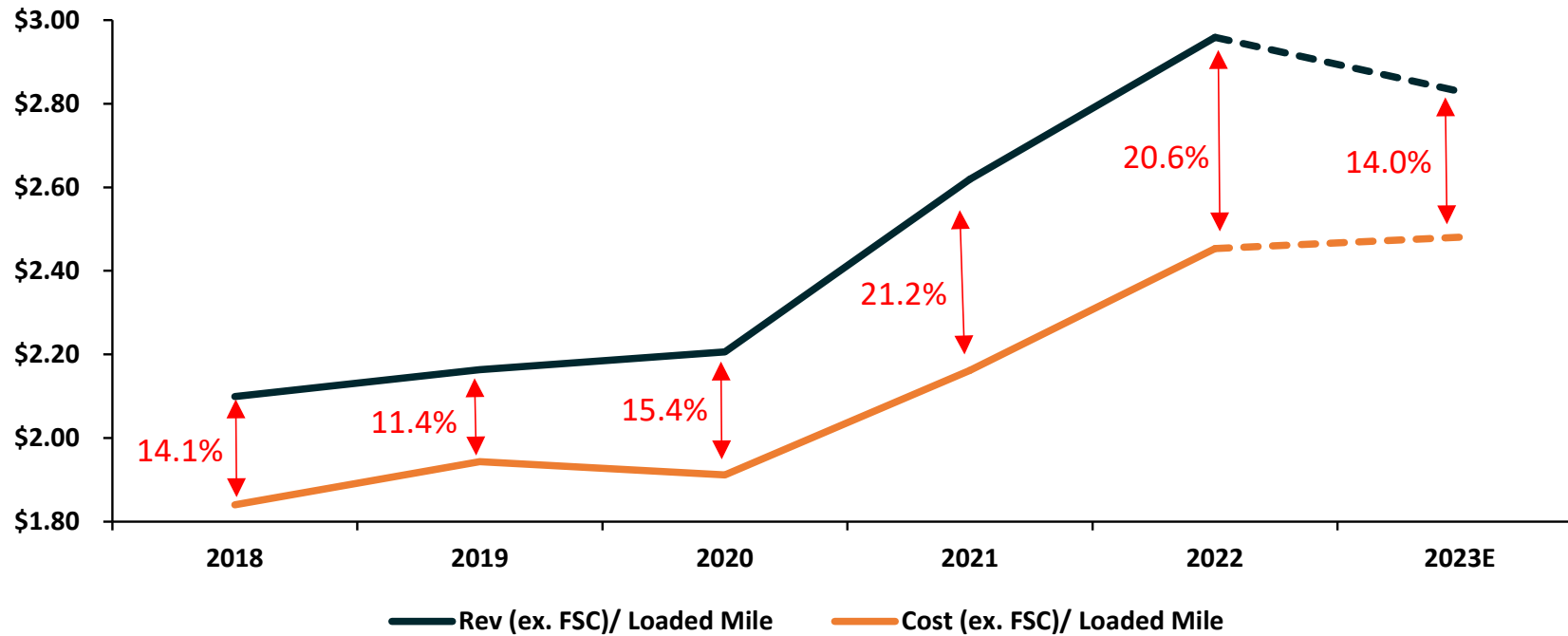


# Truckload Contract Rates Follow Costs Over Time

2010 – 2020 Change in Cost Pressures / Mile vs. Revenue Ex. FSC / Loaded Mile

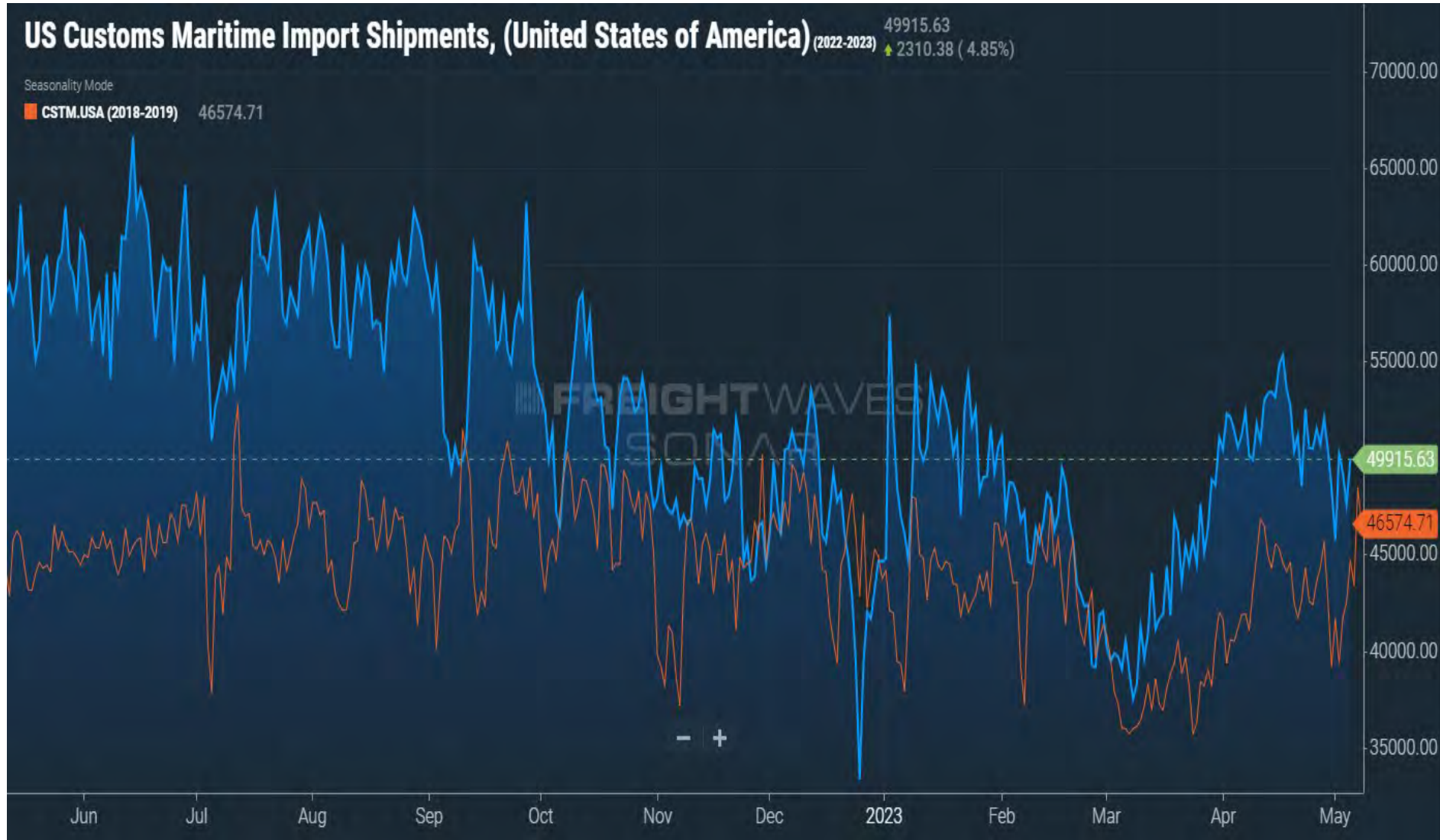


# Truckload Price Vs. Cost Indicates Rate Risk As Well

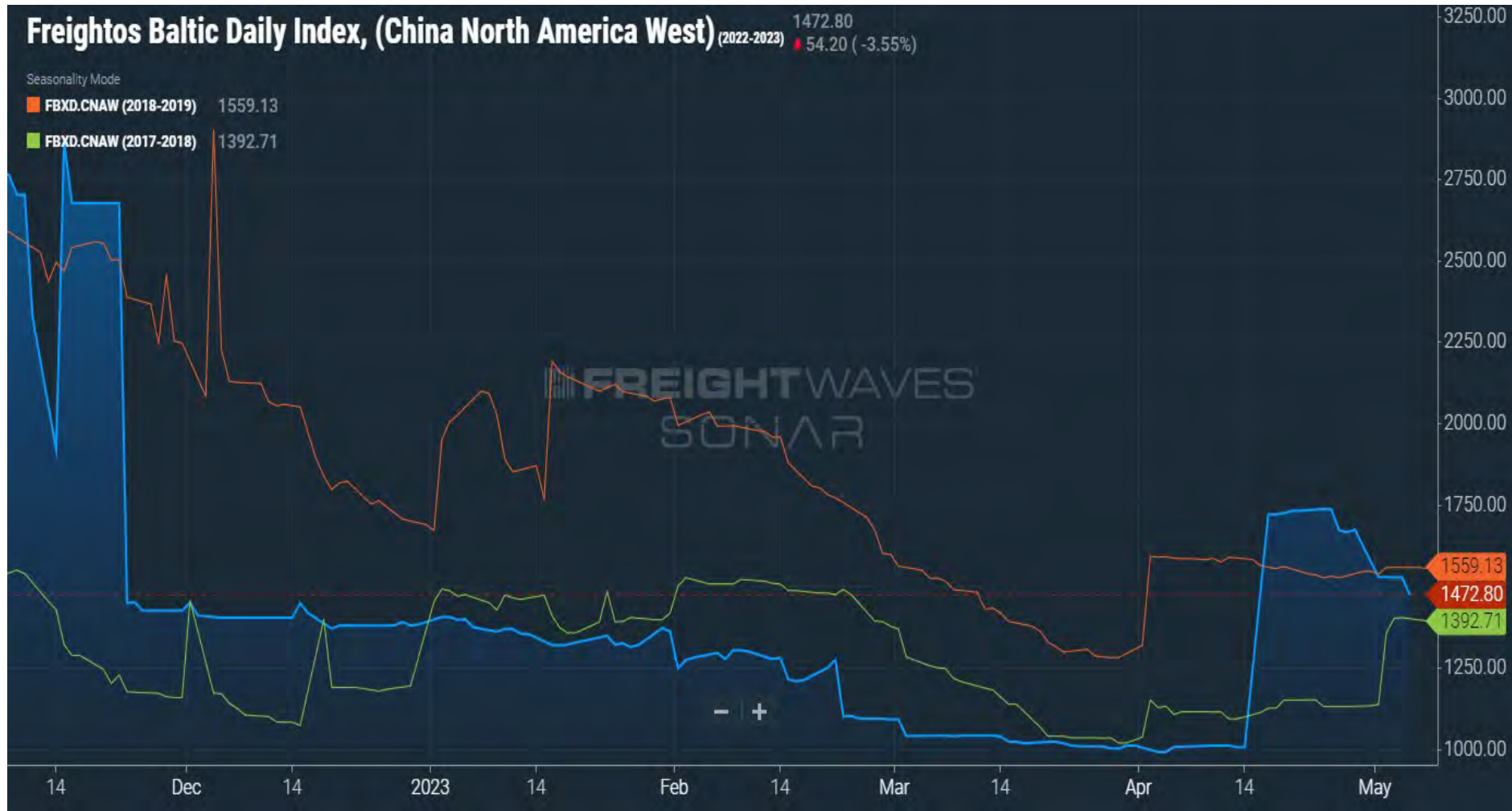




# Port Volumes Likely To Be A Leading Indicator Of Recovery



# China To U.S. Ocean Container Rates



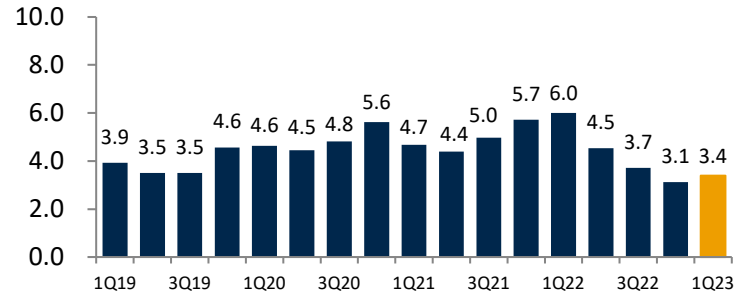
# Class 8 Orders vs. Builds



# Investor Sentiment...Feedback From Our Quarterly Investor Survey

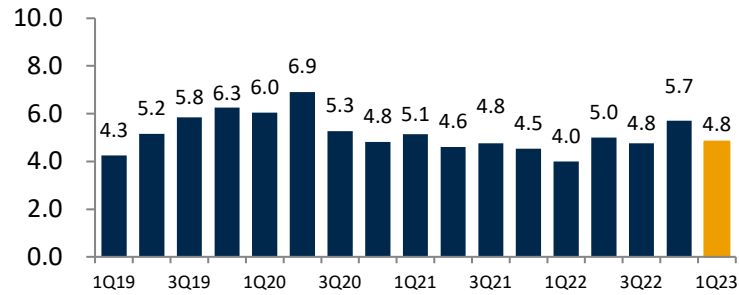
## Brokerage Sentiment

1 = Bearish, 10 = Bullish



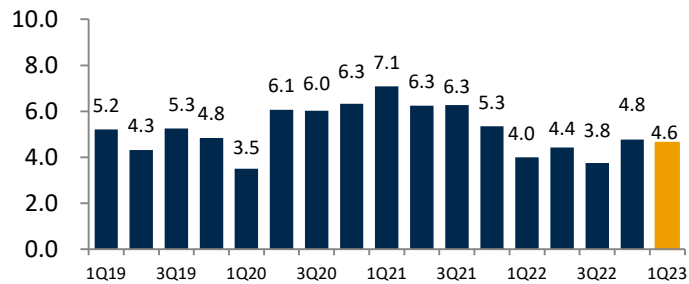
## Asset-Based Truckload Sentiment

1 = Bearish, 10 = Bullish

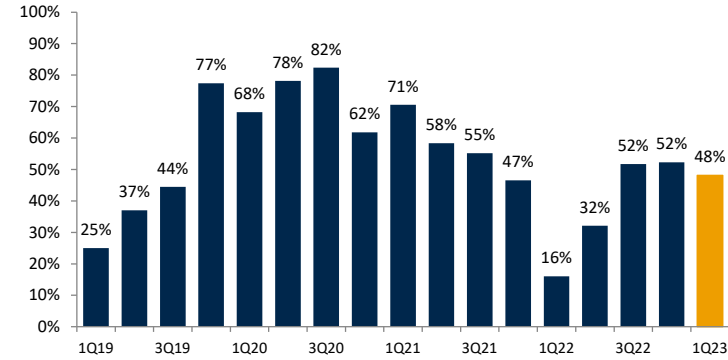


## Less-Than-Truckload Sentiment

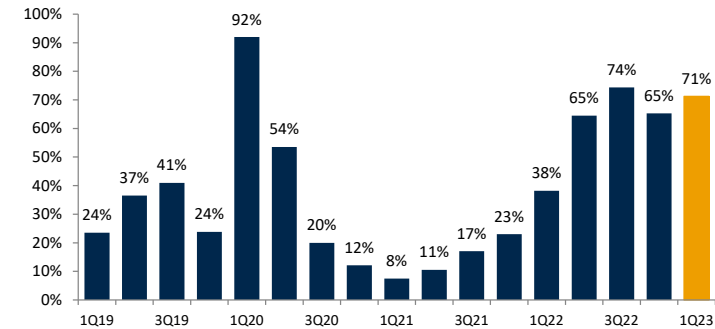
1 = Bearish, 10 = Bullish



## Positioned For Transports To Outperform



## Probability Of A Recession In Next 12 Months



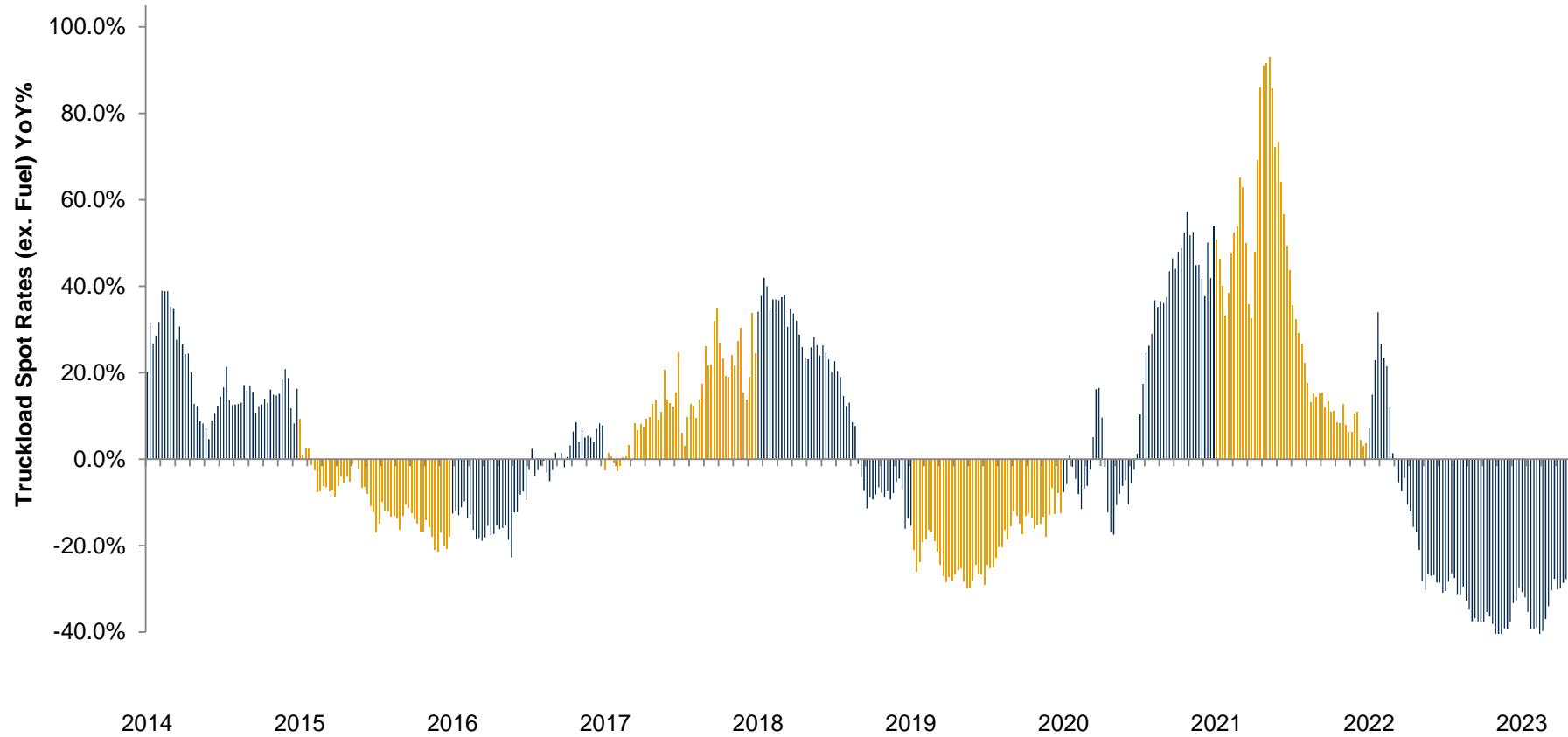
## Favorite Long / Short

	Favorite Long	Favorite Short
1Q23	FDX, KNX, SAIA	CHRW, SAIA
4Q22	FDX, KNX, JHBT	CHRW, EXPD
3Q22	SAIA, KNX, ODFL	CHRW, UPS, JBHT
2Q22	KNX, JBHT, SAIA	UPS, CHRW, FDX
1Q22	CHRW, FDX, JBHT	CHRW, JBHT, EXPD
4Q21	FDX, KNX, CP	EXPD, R, CHRW
3Q21	JBHT, UNP, DSGX	EXPD, R, CP

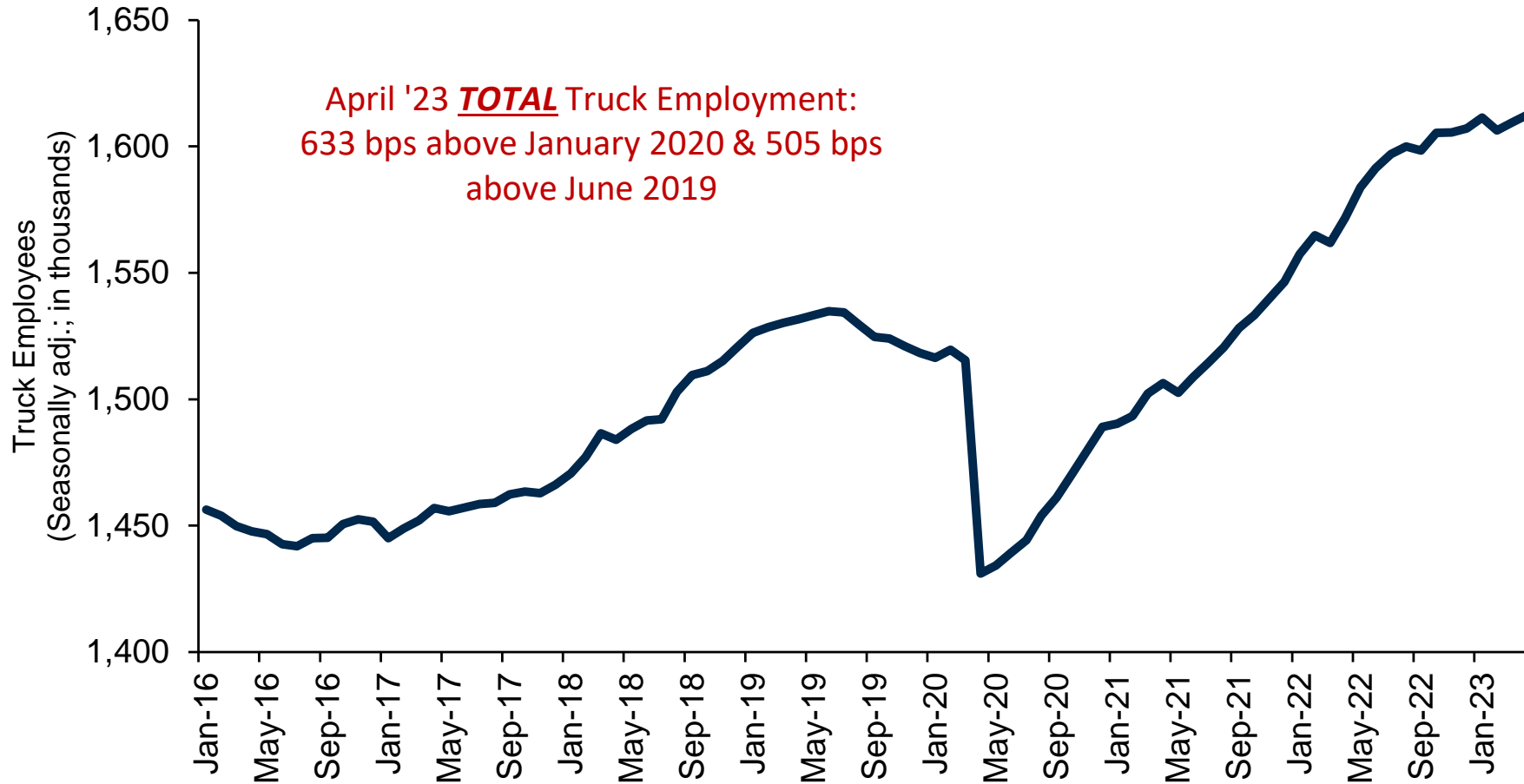


# Spot Rates Excluding Fuel

## Dry Van Spot Rates Ex. Fuel (YoY%)

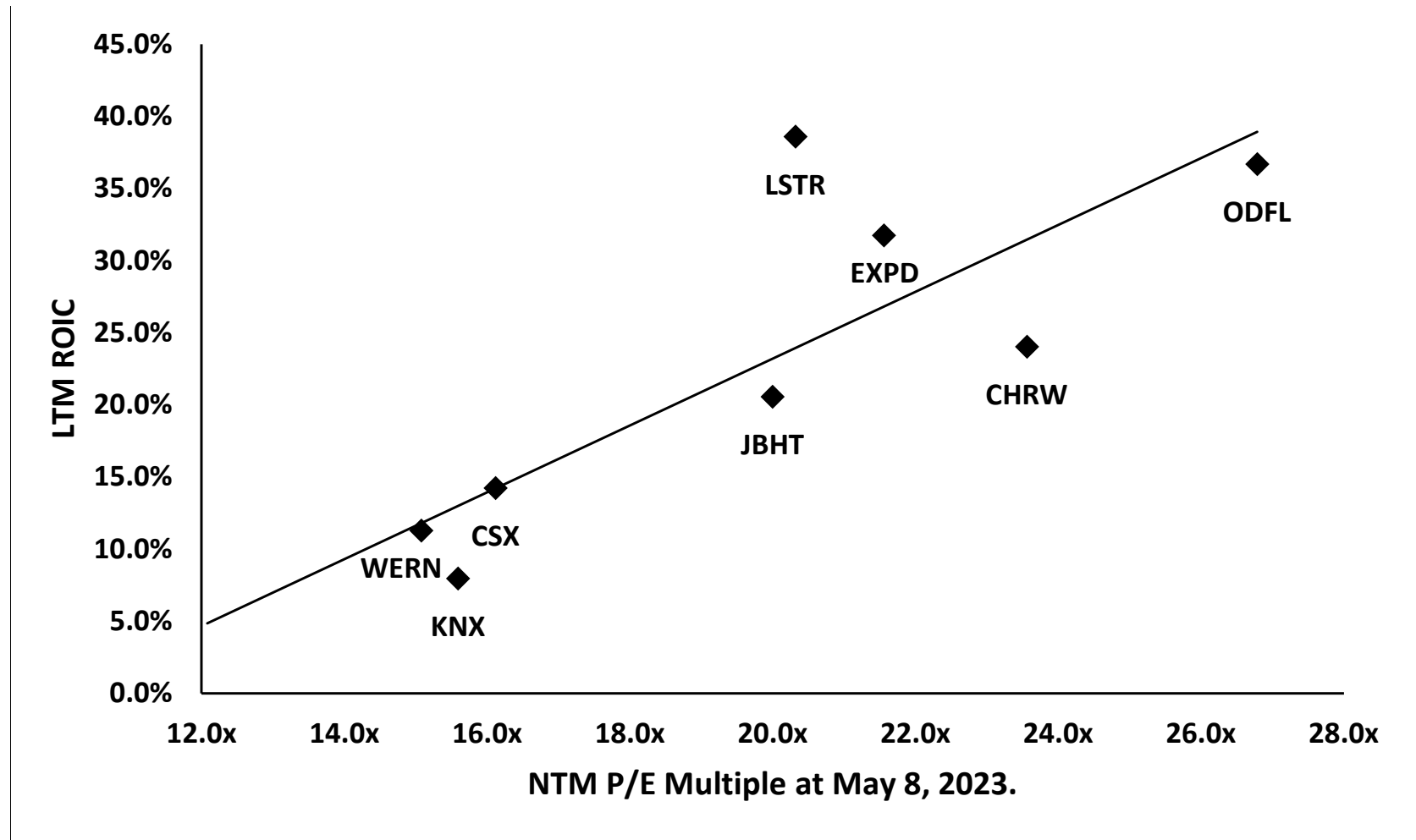


# Supply / Demand Dynamics – Truck Employment



# Returns Matter: ROIC vs. P/E For Select Transportation Stocks

We have historically found a strong correlation between ROIC and trading multiples in the Transportation sector



## **□ Potential Cycle Risks:**

- Inflation / Monetary policy...Can the Federal Reserve walk the right rope?
- Bank lending standards tightening
- Goods vs. services spending can normalize further
- Capacity has proved stickier than we would have expected

## **□ Potential Cycle Catalysts:**

- Retailer destocking will end eventually
- Low prices are the cure for low prices
- Drivers will remain hard to recruit/retain



## ❑ ESG

- Larger shippers are increasingly focused on this

## ❑ Intermodal Market Changes

- Class I rails increasingly looking like they prefer asset-based partners (at least in the West)

## ❑ Near-Shoring / Cross Border Freight

- The pandemic will accelerate this trend

## ❑ E-Commerce Growth Will Continue To Impact Supply Chains

- More inventory distributed more broadly

## ❑ The Rise Of Freight Platforms

- Consolidation will happen, could this be the avenue?

## ❑ Trailers, Trailers, Trailers

- No disrespect to drivers, but trailers are becoming just as precious

## ❑ Autonomous Vehicles

- Demographic challenges and need for deflationary relief mean this will happen in one way or another.

# Companies Mentioned *(Prices as of 5/14/2023)*

Public Companies							
ArcBest Corporation	ARCB	\$	87.42	Marten Transport, Ltd.	MRTN	\$	20.69
Air Transport Services Group, Inc.	ATSG	\$	15.52	Norfolk Southern Corporation	NSC	\$	211.91
C.H. Robinson Worldwide, Inc.	CHRW	\$	99.24	Old Dominion Freight Line, Inc.	ODFL	\$	308.07
Canadian Pacific Kansas City Limited	CP	\$	81.93	P.A.M. Transportation Services, Inc.	PTSI	\$	23.09
CSX Corporation	CSX	\$	31.82	Ryder System, Inc.	R	\$	80.85
Covenant Logistics Group, Inc. Class A	CVLG	\$	38.40	RXO, Inc.	RXO	\$	18.88
Descartes Systems Group Inc.	DSGX	\$	78.12	Saia, Inc.	SAIA	\$	280.47
Expeditors International of Washington, Inc.	EXPD	\$	112.96	Schneider National, Inc. Class B	SNDR	\$	26.43
FedEx Corporation	FDX	\$	222.93	TFI International Inc.	TFII	\$	107.00
Forward Air Corporation	FWRD	\$	95.98	Union Pacific Corporation	UNP	\$	198.99
Heartland Express, Inc.	HTLD	\$	15.15	United Parcel Service, Inc. Class B	UPS	\$	168.50
J.B. Hunt Transport Services, Inc.	JBHT	\$	176.01	U.S. Xpress Enterprises, Inc. Class A	USX	\$	6.05
Kirby Corporation	KEX	\$	70.06	Westinghouse Air Brake Technologies Corporation	WAB	\$	97.99
Knight-Swift Transportation Holdings Inc. Class A	KNX	\$	57.28	Werner Enterprises, Inc.	WERN	\$	45.56
Landstar System, Inc.	LSTR	\$	176.85	XPO, Inc.	XPO	\$	46.84
Matson, Inc.	MATX	\$	65.21	Yellow Corporation	YELL	\$	1.37

## REQUIRED DISCLOSURES

The research analyst principally responsible for preparation of this presentation has received compensation that is based on the firm's overall revenue which includes investment banking revenue.

The research analyst principally responsible for preparation of this report has participated in employment discussions with one or more covered companies within the past 12 months.

### Rating Definitions:

**Company Stock Ratings:** OVERWEIGHT (O) – The stock's total return is expected to be greater than the total return of the company's industry sector, on a risk-adjusted basis, over the next 12 months. EQUAL-WEIGHT (E) – The stock's total return is expected to be equivalent to the total return of the company's industry sector, on a risk-adjusted basis, over the next 12 months. UNDERWEIGHT (U) – The stock's total return is expected to be less than the total return of the company's industry sector, on a risk-adjusted basis, over the next 12 months. VOLATILE (V) – The stock's price volatility is potentially higher than that of the company's industry sector. The company stock ratings may reflect the analyst's subjective assessment of risk factors that could impact the company's business.

### Distribution of Stephens Inc.'s Ratings (as of 3/31/23)

<u>Rating</u>	<u>%</u>	<u>% Investment Banking Clients (Past 12 Months)</u>
BUY	57.0	18.5
HOLD	41.8	13.5
SELL	1.3	0

## OTHER DISCLOSURES

Certain investment programs offered by Stephens to clients sometimes engage in purchases or sales of securities that are consistent or inconsistent with Research Analyst recommendations. These programs are managed on a discretionary basis, or provide investment recommendations, by program managers in the exercise of their independent judgment and analysis. Stephens' directors, officers and employees are allowed to participate in these programs subject to established account minimums and applicable compliance restrictions.

This presentation has been prepared solely for informative purposes as of its stated date and is not a solicitation, or an offer, to buy or sell any security. It does not purport to be a complete description of the securities, markets or developments referred to in the material. Information included in the presentation was obtained from internal and external sources which we consider reliable, but we have not independently verified such information and do not guarantee that it is accurate or complete. Such information is believed to be accurate on the date of issuance of the presentation, and all expressions of opinion apply on the date of issuance of the presentation. No subsequent publication or distribution of this presentation shall mean or imply that any such information or opinion remains current at any time after the stated date of the presentation. We do not undertake to advise you of any changes in any such information or opinion. Additional risk factors as identified by the Subject Company and filed with the Securities and Exchange Commission may be found on EDGAR at [www.sec.gov](http://www.sec.gov). Prices, yields, and availability are subject to change with the market. Nothing in this presentation is intended, or should be construed, as legal, accounting, regulatory or tax advice. Any discussion of tax attributes is provided for informational purposes only, and each investor should consult his/her/its own tax advisors regarding any and all tax implications or tax consequences of any investment in securities discussed in this presentation. From time to time, our research reports may include discussions about potential short-term trading opportunities or market movements that may or may not be consistent with Stephens' long-term investment thesis, rating, or price target. Please note that we provide supplemental news and analysis in Quick Take blogs available to clients on our website. ***If applicable, when reading research on Business Development Companies, you should consider carefully the investment objectives, charges, risks, fees and expenses of the investment company before investing. The prospectus, and, if available, the summary prospectus, contain this and other information about the investment company. You can obtain a current prospectus, and, if available, a summary prospectus, by calling your financial consultant. Please read the prospectus, and, if available, the summary prospectus, carefully before investing as it contains information about the previous referenced factors and other important information. Also, please note other reports filed with the Securities and Exchange Commission by the relevant investment company at [www.sec.gov](http://www.sec.gov).*** Please also note that the report may include one or more links to external or third-party websites. Stephens Inc. has not independently verified the information contained on such websites and can provide no assurance as to the reliability of such information, and there can be no assurance that any opinions expressed on such websites reflect the opinions of Stephens Inc. or its management. Additional information available upon request.

# Presenter

---



**Jack Atkins**

Managing Director  
Stephens Inc.  
[jack.atkins@stephens.com](mailto:jack.atkins@stephens.com)





# Trucking Owners & Leaders Roundtable

## 10 Tips for Improved TMS Utilization

---

**Chris Henry**

COO, KSMTA Canada

**David Dunst**

Director of Carrier Intelligence,  
KSM Transport Advisors



# Agenda

---

- The Best TMS Award 2023
- Top 10 Tips
- Bonus Tips!

## The Golden Answer

---

The best TMS in  
Trucking is.....

## The Golden Answer

---



The One You Already Have

## The Best TMS

---

- TMS providers provide software, not service
- You chose that TMS for a reason
- Internal knowledge of the TMS
- Existing process
- Existing relationship
- Switching your TMS is HARD





## Tip 1 - SME

---

- Identify an SME (Subject Matter Expert)

Myth: There can be only one

Myth: One person can't know ALL the software

Do this for each portion of your software (not just TMS)

Knowledge Share Tactics (intentional)

Lunch & Learn

Train the Trainer

## Tip 2 - Shortcuts

---

- Know your software shortcuts

Every TMS has built-in shortcuts to make things faster

Identify them and which ones are useful

Hint: Some of your users know them

Ensure ALL of your users know them

Make them part of the employee training process

## Tip 3 – Customize

---

- Customize your screens

By Function (Dispatcher vs Planner vs Driver Manager)

By Operation (Dedicated / OTR / Regional / Accounting)

By User

Risk: Too much customization at the individual level

## Tip 4 – Flow Matters

---

- Make it flow

You optimize your driver's work, why not your office people?

Field Order Matters

Sit down with an end user

Document HOW they use the screens

## Tip 5 – Eliminate

---

- Eliminate the work that is not value added

Data entry must be intentional

Data entry must serve a purpose

Remove the 80% work that is providing < 20% value



## Tip 6 – Capture

---

- Capture critical data as soon as possible

You can't report/analyze what you don't capture

In the right place

At the right time

Hint: Capture it as soon as you can

## Tip 7 – Exceptions

---

- Call Out the Exceptions and handle them as such

Design your processes around the 80%

Law of diminishing returns

Myth: Exceptions are bad

Myth: 100% of our processes must be efficient

## Tip 8 – Color

---

- Use Color effectively

Humans are visual creatures

Color can identify outliers quickly

Don't overuse it

## Tip 9 – Integration

---

- Integrations between systems

Eliminate duplicate work

Limit data discrepancies

Eliminate some work completely

Telematics

## Tip 10 – Perspective

---

- External analysis of your TMS use

TMS vendor resources

Hint: You may not be utilizing the TMS fully

Internal resource from a different department

3<sup>rd</sup> Party resource



## Bonus!!

---

- Inline Reporting

- Automation

RPA (Robotic Process Automation)  
FlowLogix (McLeod)  
Workflow (TMW)

- AI

Augmented Intelligence vs Artificial Intelligence

# 10 Tips for Improved TMS Utilization

---

## Questions

# Presenters

---



**Chris Henry**

COO  
KSMTA Canada  
chenry@ksmta.com



**David Dunst**

Director, Carrier Intelligence  
KSM Transport Advisors  
ddunst@ksmta.com

# Networking Refreshments

---



# Thanks to Our Sponsors!

## The Fleet Leader Sponsors



## The Long Haul Sponsors



## The Road Warrior Sponsor



## Attendee Sponsors







# Trucking Owners & Leaders Roundtable

## Desires & Dysfunctions: A Systematic Approach to Driver Satisfaction

---

**Ethan Slaughter**

Founder, Copeland-Hall Research Institute

COO – Missouri, Christenson Transportation



# What do we know about existing driver desires & dysfunctions?

## ◇ Driver Desires

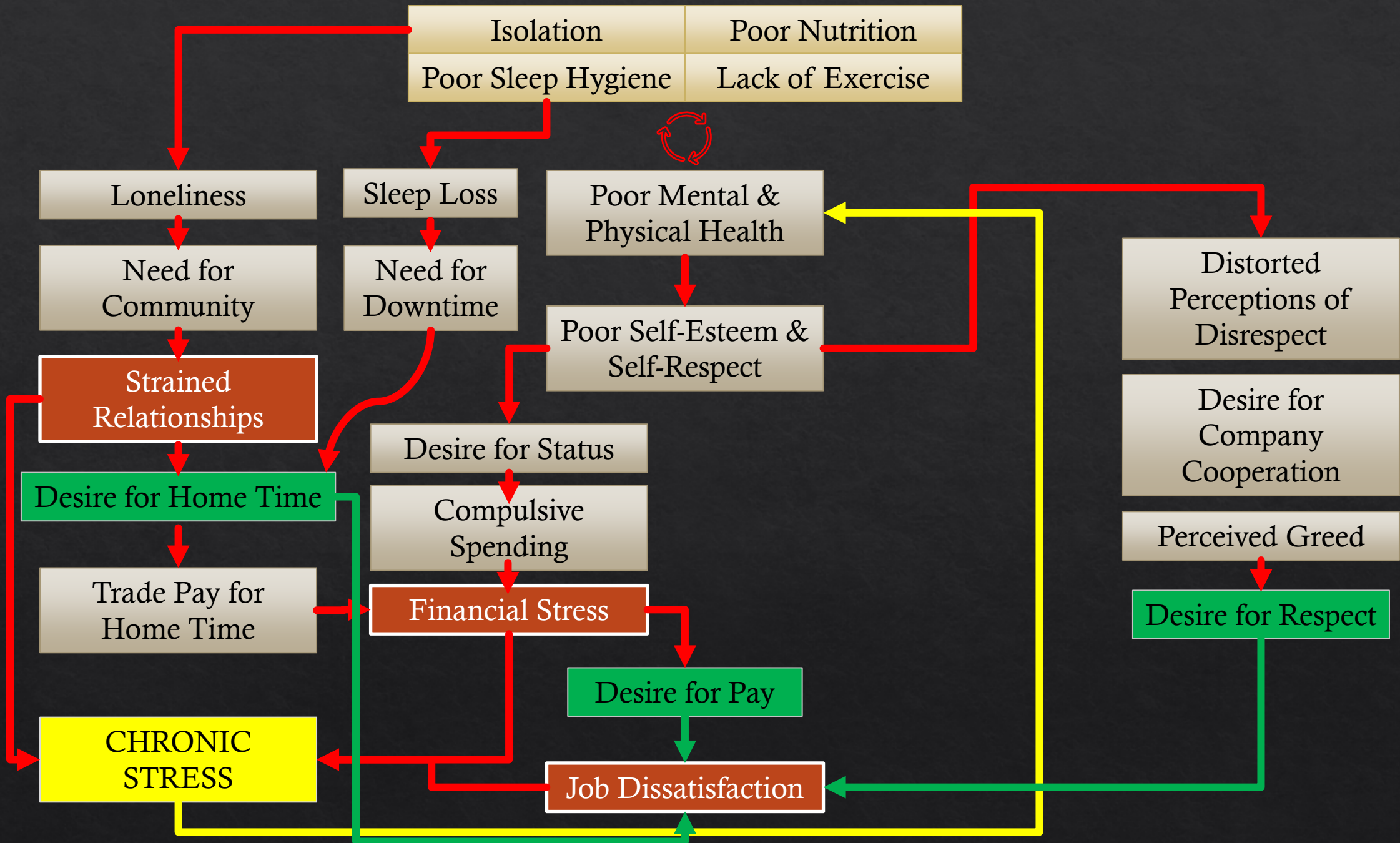
- ◇ Desire for more pay
- ◇ Desire for more home-time
- ◇ Desire for more respect

## ◇ Foundational Dysfunctions

- ◇ Poor Sleep Hygiene
- ◇ Isolation
- ◇ Lack of Exercise
- ◇ Poor Nutrition











Scholar



CH  
Copeland-Hall Research



Practitioner

“We are constructing an operational and behavioral profile of turnover intention. Simultaneously, we are developing an understanding of impactful interventions designed to address turnover before it even becomes a thought.”



# Assessment of Long-Haul Truck Driver In-Situ Sleep Patterns and Impact of Sleep Improving Interventions

Principal Investigator: Dr. Ethan Slaughter, Copeland-Hall Research Institute

Research Advisor: Dr. David Correll, Massachusetts Institute of Technology, MIT Freight Lab

Dr. Mona Shattell, University of Central Florida

Dr. Raina Gupta, Neurologist & Sleep Medicine Specialist, Sleepologie Health and Wellness



# Why Focus on Sleep?

- ◇ Other Foundational Dysfunctions
  - ◇ Isolation
    - ◇ Integral part of the job
  - ◇ Poor Nutrition
    - ◇ High Stigma Hurdle, Low Adoption, Low Follow Through
  - ◇ Lack of Exercise
    - ◇ High Stigma Hurdle, Low Adoption, Low Follow Through
  - ◇ Chronic Stress
    - ◇ Seems to be a subsequent comorbidity



# Why Focus on Sleep?

- ◇ Focusing on Sleep Quantity and Quality
  - ◇ High-Quality Sleep Environment (Mattress, Sensory Manipulation)
    - ◇ Low/zero reported stigma
    - ◇ High reported level of adoption intent
  - ◇ Quick Results
    - ◇ Sleep debt can be erased after around 9 days of proper sleep (Kitamura et al, 2016)
    - ◇ Encourages higher follow through
  - ◇ Multi-Dimensional Benefits
    - ◇ Lowered risk of Diabetes, Weight Gain, Anxiety, Depression, Bipolar Disorder, Heart Disease, Memory Issues, Suppressed Immune System
    - ◇ Increased Driving Attentiveness and Safety

# Neurophysiological Impact of Sleep Deprivation

- ◇ Unstable attention span.
  - ◇ Failure to respond to stimuli, improper response to stimuli, improper response to non-existent stimuli.
- ◇ Delayed cognitive and psychomotor response times
- ◇ Short term and working memory decline
- ◇ Reduced learning of cognitive tasks
- ◇ Deterioration of divergent thinking performance
  - ◇ Divergent thinking involves developing multiple solutions to a problem
- ◇ Performance endurance deterioration
- ◇ Neglect of activities judged to be non-essential



# Study Summary

- ◆ 75 Long-Haul Truck Driver Sample Group
- ◆ Measurement Instrument
  - ◆ Oura Ring: Non-Invasive Gold Standard Biomedical Wearable
    - ◆ Tracks over 20 metrics including Body Temperature, Heart Rate, Heart Rate Variability, Sleep Staging, and Respiratory Rate.
- ◆ Examination Periods
  - ◆ Day 1-30: Control period. All participants will carry on business as usual, while wearing the Oura Ring.
  - ◆ Day 31-60 Latency and Intervention Introduction Period
    - ◆ High-Quality Mattress
    - ◆ Sensory Manipulation: Marpac Dohm Classic White Noise Machine
  - ◆ Day 61-90 Experimental Measurement Period



# Academic Objectives

- ◆ Quantify Truck Driver Existing In-Cab Sleep Quantity and Quality
- ◆ Quantify Impacts of Sleep Improving Interventions
  - ◆ State-of-the-art Mattress, Sensory Manipulation White Noise
- ◆ Gather qualitative evidence from drivers on their perceptions on stress levels, life satisfaction, relationship quality, job satisfaction.

# Practical Objectives

- ◆ Work towards a methodical, scientific, and pragmatic approach to driver quality of life.
- ◆ Improve Job and Life Satisfaction
- ◆ Lower Hurdles for Treating other Dysfunctions
- ◆ Lower Turnover Intention





# Research Advisor

Dr. David Correll is a Lecturer and a Research Scientist at the MIT Center for Transportation and Logistics, where he also serves as Co-Director of the MIT FreightLab and Project Lead for the annual State of Supply Chain Sustainability report. On campus, Dr. Correll teaches, Logistics Systems, which acquaints students with the fundamental analytic tools, approaches, and techniques used in the design of integrated supply chains; and, Procurement Fundamentals, which introduces students to the legacy of strategic thought when a company looks upstream.





# Researchers

Dr. Mona Shattell is the chair of the Department of Nursing Systems, the Hugh F. and Jeannette G. McKean Endowed Chair, and a professor in the UCF College of Nursing. An internationally recognized mental health and psychiatric nursing expert, Dr. Shattell is the editor of the Journal of Psychosocial Nursing and Mental Health Services, and the author of more than 150 journal articles and book chapters. Her research and published work focus on improving the mental health of vulnerable populations, including long-haul truckers; patient-provider relationships, and environments of care. Dr. Shattell is a public thought leader and advocate for the nursing profession with an active social media presence and more than 60 nationally published op-eds, including in The New York Times, The Atlantic, The Hill, and Health Affairs. She recently authored the book, “Social Media in Healthcare: A Guide to Creating Your Professional Digital Presence.” Prior to UCF, Shattell was associate dean for faculty development and a distinguished scholar in the Johns Hopkins School of Nursing.





# Researchers

Dr. Raina Gupta is a Fellowship trained, Board Certified Sleep Medicine Specialist and Board-Certified Neurologist. She is founder of Sleepologie Health and Wellness in Chicago, IL. She is passionate about helping people optimize their sleep to enjoy better health and quality of life. With over 15 years of experience treating patients with a variety of sleep disorders, Dr. Gupta is a leader in the field of sleep medicine. In addition, she is working on research studies with Northwestern University where her research has been focused on children and parents with diverse sleep issues. She is a fellow of the American Academy of Sleep Medicine and a member of the Illinois Sleep society. She has a passion for raising awareness of sleep disorders and is a frequent guest on podcasts and also speaks to community groups.





# Get Involved

## ◇ Participate

- ◇ Still enrolling drivers
- ◇ Cost of participating \$2,000.00/driver
  - ◇ \$350 Oura Ring & Research Platform
  - ◇ \$600 Custom DOT Approved Mattress
  - ◇ \$50 White Noise Machine
  - ◇ \$500 Driver Compensation
  - ◇ \$500 Researchers & Research Assistants

## ◇ Driver Sponsorship

- ◇ We are looking for additional sponsorships of \$500 per driver. These funds are used to attract clinicians and scholars who are not only at the top of their field but also share the vision of producing pragmatic research to place in the hands of practitioners.

# Presenter

---



Ethan Slaughter

Founder

Copeland-Hall Research Institute  
[ethans@christensontrans.com](mailto:ethans@christensontrans.com)



# Trucking Owners & Leaders Roundtable

## Building Value in Turbulent Times: An M&A Discussion on the Current Environment

---

### Meghan Meurer

Chief Commercial Officer,  
Tenney Group

### Mark Niznik

Managing Director, Linx  
Partners

**Moderated by Randy Hooper, Partner, Katz, Sapper & Miller**



# Presenters

---



Randy Hooper

Partner  
Katz, Sapper & Miller  
rhooper@ksmcpa.com



Meghan Meurer

Chief Commercial Officer  
Tenney Group  
mmeurer@thetenneygroup.com



Mark Niznik

Managing Director  
Linx Partners  
mniznik@linxpartners.com





Thank you.

---

The information presented herein is general in nature and should not be acted upon without the advice of a professional.

© 2023 KSM Business Services, Inc.

